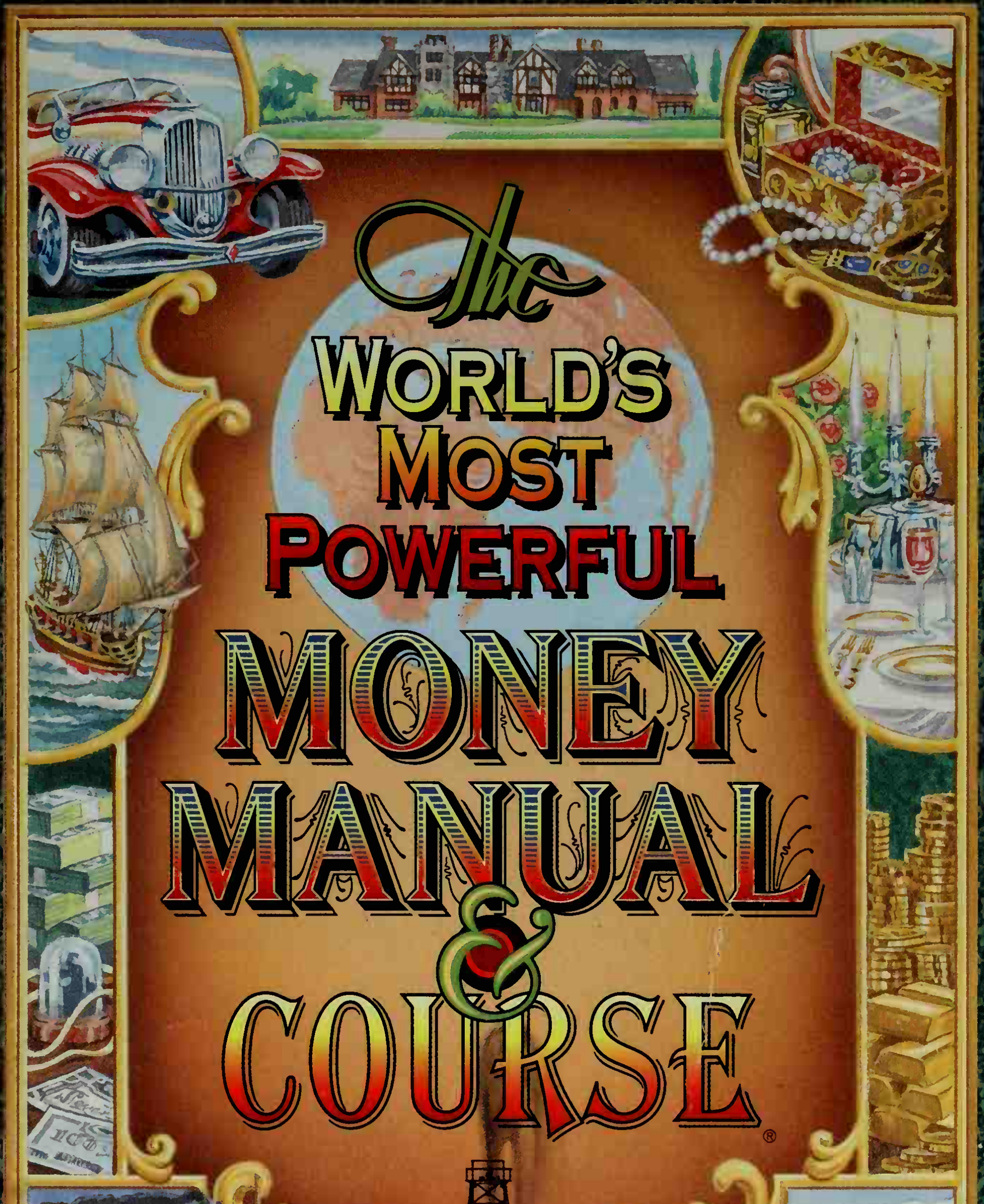


The World's Most Powerful Money Manual & Course®

BY KEN ROBERTS

BRENT STROUSE 2

The World's Most Powerful Money Manual & Course®

THIS IS ONE OF
A SPECIAL EDITION
PRIVATELY PUBLISHED
BY KEN ROBERTS

IMPORTANT NOTICE!

The very day I began writing this manual it was out-of-date! The business opportunities it will teach you to identify and watch for change day by day, hour by hour, minute by minute ...

And that's precisely the reason why this is not simply a book by itself; this manual is not available except in concert with the Monthly Course Bulletins and twice weekly Alert-Line! telephone updates.

The principles and tools you'll see and learn to use, however, *are* up-to-date, and work just as effectively — and every bit as powerfully — as you'll see in these pages.

Think of reading this manual, then, as your introduction and orientation to The World's One Perfect Business™. Afterwards, I'll meet you in "the real world" — today's markets — via the monthly bulletins and on the telephone Alert-Line! each week.

Happy reading! You're now embarking on a very exciting journey ...

Expectantly,

Printed in the United States of America

THE WORLD'S MOST POWERFUL MONEY MANUAL

First printing...1983 (hand-numbered, signed edition)
Second printing...1983 (hand-numbered, signed edition)
Third printing...1984
Fourth printing...1985
Fifth printing...1985
Sixth printing...1986
Seventh printing...1986
Eighth printing...1987
Ninth printing...1988
Tenth printing...1989
Eleventh printing...1990
Twelfth printing...1991
Thirteenth printing...1991
Fourteenth printing...1991
We stopped counting!

All charts courtesy of United States Chart Company

The writer does the most

who gives his reader the most knowledge,

and takes from him the least time.

— Sydney Smith (1771-1845)

ABOUT THE AUTHOR

Ken Roberts' biography resembles the classic Horatio Alger scenario. He's gone from college dropout to musician to struggling life insurance salesman to real estate entrepreneur. The author of several investment how-to books, guides, and seminars, Roberts is an outspoken advocate of self-employment and self-investment.

Roberts' investment methods have been co-sponsored in the California State University System and the U.S. Small Business Administration. He has been a guest instructor at the University of Southern California (USC) and was selected to serve on the Presidential Advisory Committee of the Academy of Legal Arts and Sciences.

For more than ten years, Ken Robert's has taught commodities to more than 250,000 people in 89 countries. He often shares his insight and expertise with audiences by appearing on leading national shows such as Coast-To-Coast AM with host Art Bell and The Jack Diamond Show, Washington, DC.

CONTENTS

TWMPMM-PART 1

TWMPMM-PART 2: THE WORKBOOK

TWMPMM-Part 1

To become inflation — and recession — proof, amass the necessary dollars to sustain your desired standard of living, and otherwise live prosperously, you have no choice but to enter the world illuminated in this, THE WORLD'S MOST POWERFUL MONEY MANUAL. All things considered, there simply is no alternative to self-development in the world's one perfect business.

If you think you can,
or you think you can't, you're right!

THE END

Tick, tick, tick — the pendulum of the Clock of Time is swinging rapidly!

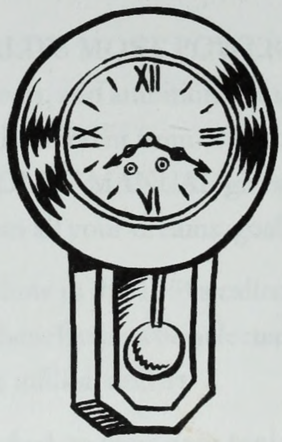
The entire face of civilization is undergoing an uplifting operation.

Mr. Right and Mr. Wrong are engaged in mortal combat for supremacy. The time has come for everyone to stand up and be counted. The use each of us makes of his individual allotment of time will tell whose side each of us is on — Mr. Right's or Mr. Wrong's.

Something has speeded up the Clock of Time so rapidly that the last half of the twentieth century will reveal to mankind more individual opportunities for self-improvement than have been revealed during the entire past of man's existence.

Your share of these vast OPPORTUNITIES may be embraced and used only by the way you relate yourself to TIME!

(Napoleon Hill in *You Can Work Your OWN Miracles*)



INTRODUCTION

"What is disaster for most is an opportunity for a few."

— Richard Ney

"He who does not open his eyes must open his purse."

— German proverb

"The world is for those who make their dreams come true."

— Harold Gray

"I want you to learn to listen, to question, to dream."

— Clement Watt

THE WORLD'S MOST POWERFUL MONEY MANUAL is about dreams, goals, and ambitions. *Your* dreams, goals, and ambitions. But this book is different from every other book you've ever read: THE WORLD'S MOST POWERFUL MONEY MANUAL gives you *direction*; the exact, precise steps to follow that will breathe life into all your dreams, goals, and ambitions.

Do you remember a television show in the 1950s called "The Millionaire"? Its protagonist, Michael Anthony, represented a rich benefactor who selected complete strangers and gifted them with a tax-free, certified check for one million dollars.

Suppose Michael Anthony knocked on your door tonight and handed *you* one million dollars. List what you'd spend it on …

A new house? What style (Spanish, contemporary, ranch, etc.)? How many bedrooms? Baths? Would you have a jacuzzi? Where would your dream house be located?

Perhaps you'd buy a new automobile. What kind? Model? What kind and color interior? Be specific and write all this down.

Would you travel? Where? Remember: money's no object! Do you have a favorite charity or

cause you'd give some of this money to? A church? Mission?

You could fill your closets with a brand new wardrobe, or maybe you'd buy an airplane. What make and model? Color?

If you wrote down a new home, would you need domestic help? A staff of one, two, three?

Did you write down "financial independence?" Where would you invest your money to preserve it? What would you invest it in to let it grow?

Go on, list everything you dream of. Nobody's watching!

Now look at this list of yours. Is it shorter than it would have been during your high school years? Your college days? Is it more practical, not so much "pie-in-the-sky?!"

What happens to most people is that their dream circle, or list, shrinks with time — it's been shrinking for years.

People who, a few years ago, desired to pilot their own airplane now build models of airplanes. People who used to desire a complete wardrobe have become "sleeve shoppers:" They check the price on the sleeve before they try something on! How about dream cars? Oh, they drive a German model (a Volkswagen)! What about those people who used to desire to give money to good causes? How much have you given to your church lately? And the dream home — remember the dream home? Well, dream homes have given way to tract houses, duplexes, condos, and apartments.

It's true, "the world is for those who make their dreams come true." You can make your dreams come true. Like Reverend Ike says, "Inflation, recession, depression? You don't have to participate!" You don't. *You really don't.* That shrinking Dream Circle of yours can be reinflated and supported by a larger Income Circle. That simple! Would you like to increase your income? That's not an obvious question. It requires some sincere thought. Would you like to increase your income? Consider that question and write your answer: ________________.

Now there's one small problem here and you can hear it every morning. Stand on your front porch tomorrow morning about six-thirty. You'll hear "ding, ding, ding" all over your neighborhood. Those will be alarm clocks going off. And right after those alarm clocks go off, you're going to hear something else. You're going to hear people jumping out of bed yelling, "Oh, boy! I get to go to work again today!" Then they jump into their 450SL Mercedes Benz and head out for something called a "J-O-B," or a business of their own. They go there Monday morning and come home Monday night; go again Tuesday, come home Tuesday night; go Wednesday,

home Wednesday night; Thursday; Friday; put in a little overtime on Saturday or Sunday, and if you look at the people who've been doing this for twenty or thirty years, what have they really accomplished? A lot of worn out tires, worn out bodies, and worn out spirits.

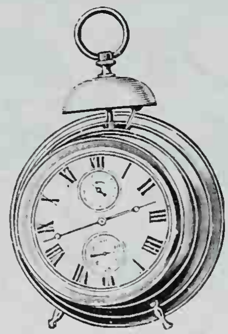
This J-O-B *owns* you. It tells you when you can come to work, and when you can't! When you can or cannot take a vacation. When you can eat lunch or when you can't. This J-O-B basically controls every aspect of your life. And when you reach age sixty-five, you retire — you'll *want* to! Official figures reveal that the average retirement income, however, is only eight-hundred dollars a month.

Now calculate how much it costs you to live now, and what that's like, and then figure how you would be living on $800 a month. And this $800 a month includes Social Security, which may or may not be around when you retire ...

I know a woman in Orange County, California who's worked for a corporation for 23 years. She was at the top of the pay scale. She retired, and is now receiving $325 a month! "What are you planning to do about that?" I asked. "That's why I'm here to see you," she revealed. "Otherwise, I'd have to team up and rent a small apartment with a group of other retirees."

Don't feel sorry for this lady! She's taking action and now creating the kind of lifestyle she desires and deserves. What's a tragedy is the fact that retirement seems a long ways off for most of us. We keep putting off planning until we're caught in the trap.

Ninety percent of Americans live this way, though. The alarm clock rings, they're up, dressed, usually skip a nice, relaxed breakfast, get in their (not-paid-for) cars, hit the road, and know just when all the traffic lights are going to turn green. They know how fast to drive, the right lane to be in, and they even look for the same cars every morning! If the little red Pinto is ahead, they're late! If it's behind, they're ahead of schedule! But most mornings, they wave at each other! Ditto driving home ... This is the way most people live, day-in and day-out.



Now this is fine for some people, they like life this way. But now we're talking about *you*. If I described you just now, I believe you want something better. And there *is* something better — worlds better — and that's why this book was written. There's so much more out there than what you've been taught: go to school, get an education, go out and get a J-O-B, work real hard, and life will be a bowl of cherries. That's what you've been taught, isn't it? Well, that's called MAKING A LIVING. This book demonstrates something altogether different. THE WORLD'S MOST POWERFUL MONEY MANUAL is about MAKING A LIFE.

You've seen those people who attend the investment/self-development seminars and when they're over say to the instructor, "Well, if this is so good, why isn't *everyone* doing it?!" We live in the greatest country in the world. You know that! Eight hundred dollars a month is poverty level; therefore, I am not exaggerating at all when I say that most Americans are starving — with a loaf of bread in each hand! So when you're examining a self-development or self-investment program, FORGET ABOUT MOST PEOPLE, FOR MOST PEOPLE ARE LOSING IN THE GAME OF LIFE!!! If you want to rise to the top, you're going to have to disregard the thoughts, opinions, reactions, and warnings of others. There's a 90% chance they're wrong! They may be kind, loving, sensitive, and apparently looking out for your "welfare," but remember the facts: 90% of them are desperately wrong. It's tough to ignore them; they're probably close to you — family, friends, relatives, — do you think you can do it? You may have to resist the urgings, ostracism, or even threats of those you love, admire, and feel close to. It's not easy, but if you're going to get where you want, you'll have to do it … THERE'S NO OTHER WAY. (The song, "My Way," is a perfect example of this.) Hopefully, those people you care about will soon follow your lead, but you must take the initiative, the first step, for no one else can take it for you, just as no one else can breathe for you. It's tough, but it's a small price to pay for the freedom and prosperity that awaits. It's already there, waiting! You only have to make up your mind and claim it. Simple? Yes. Easy? No. But you'll be surprised to learn that it's not as tough as you may now imagine. Reflect on some of your undertakings of the past — learning to drive, playing a musical instrument, completing a project, making your first house payments, being a parent … Look at what you've gone through to get where you are today! Even Jimmy the Greek, the famous Las Vegas oddsmaker, wouldn't have bet on your making it this far, BUT YOU DID! You're already a tremendous success! The next step, you'll soon learn, is much, much easier than most everything you've already been through. It's true.

Planning your new life begins with your Dream Circle. Does it include all you desire? Have you indicated ambitions, goals, and dreams from all three aspects of living: physical, mental, and spiritual? Is there any reason whatsoever why you shouldn't possess all of the items, qualities, and characteristics in your Dream Circle? Would anyone at all be hurt or injured by your attainment of any of your listed dreams, goals, or ambitions? Work on each and every item you've listed. Ask these questions about each one. Do this until your Dream Circle is perfect — just the way you want it. Your Dream Circle must evoke

positive, strong, warm emotions from you. This creates the essential burning desire Napoleon Hill describes as the "key" in his book, MASTER-KEY TO RICHES. If it takes a week or two (or longer) to perfect your Dream Circle, take the time to get it right; otherwise, you'll be building on a sandy foundation and sooner or later your structure will come crashing down.

J. PAUL GETTY'S RULES FOR SUCCESS

To have everything you want (mentally, physically, and spiritually), *you need only to help others get what they want.* Now this doesn't mean you must be all things to all people. A successful life insurance salesman or woman is effective at helping people gain financial security — to know that their families are provided for in spite of any tragedy.

My father-in-law owns a chain of grocery stores. His business expertise and calculated risks provide thousands of families throughout Southern California with a basic necessity: food. He must do tremendous volume, for the profit margin in the grocery business (because of high overhead) is very, very low — about 2%. He employs hundreds of people and thus is helping others get what they want in addition to food: employment/money. Because he has wisely grown and become a very large corporation (more than eleven stores in his chain now), he is reaping large returns in all areas of his life.

On the other hand, there's another chain of grocery stores in Southern California that, at first inspection, should be out of business, yet continues to prosper, grow, and thrive each and every year. This chain of markets overprices its products (because of the higher than usual overhead), never advertises (unheard of in the grocery business!), and keeps its overhead alarmingly high by hiring more employees than a typical grocery store needs to function efficiently! How can this chain continue to prosper? By *not* being "typical" and filling a need by giving people what they want. This particular chain of grocery stores is located only in affluent neighborhoods where the residents want and expect the highest quality products with the most amount of pampering. This they're willing to pay for. These markets don't advertise because their relatively small, select clientele — the surrounding neighbors — knows where these stores are and aren't "coupon shoppers" anyway. Shoppers in these stores never have to wait in line to check out and pay for their groceries because these markets always have as many checkers as necessary to insure no lines! Two employees simply walk around each store sweeping and tidying things up. It's impossible to drop a scrap of paper without it immediately disappearing into a dust pan! Have you ever realized you forgot an item or two just as it's your turn to step into the checkout stand? "Oh, forget it" you think, "all these people behind me will be angry, or I'll lose my place in line.

I'll just get it next time." No problem at *these* stores! Just tell the clerk what you want and the item(s) will be brought to you! After your groceries have been bagged, the boxboy won't just drop them in a basket and send you on your way ... he'll follow you to your car and load them in for you. No need to ask for this special service. It's included in the price of your groceries!

Forgot your checkbook, or a little short of cash? No problem. Just say, "Charge it, please." You'll be asked for your name, address, phone number, and requested to sign the cash register receipt as an IOU. No driver's license or ID verifications, either. I was behind a doctor one time who became very embarrassed when he realized he didn't have his wallet with him. He was expecting to have to go home and come back since he had just moved into the neighborhood and no one knew him. How delighted and relieved he was when the checker said, "Oh, that's okay, just sign the receipt." He's a customer for life now!

Another time, I entered the checkstand after a woman who had just filled a second grocery cart with firewood logs. Someone commented about this and she said, "My husband and I have a fireplace in our bedroom and we just love to wake up to a roaring fire on winter mornings." I think that's terrific. Wouldn't you love to wake up this way? What a positive way to begin any day! Well, what's wrong? Why don't you have a fireplace in *your* bedroom, if that's what's in your Dream Circle? Here's why — and this is my main purpose in writing THE WORLD'S MOST POWERFUL MONEY MANUAL: If you have attained peace of mind and material success sufficient for your needs and desires, your TIME has been properly used. If you have not reached these goals, desires, and ambitions, you have not used your allotted time properly. TIME is the one commodity we are all blessed with equally. We all must live one day at a time — period. What each of us does with this premeasured gift determines what we will experience in our lives.

If you don't like the way things are going in your life now, it's simply a matter of changing what you're doing with your time! This book begins with "The End!" because THE WORLD'S MOST POWERFUL MONEY MANUAL can show you the way to your goals, dreams, and ambitions ... all you have to do is put an end to your, up-till-now, inappropriate use of time.


SUCCESS
·GREG·
REMEMBER: SUCCESS HAS 'U' IN IT!

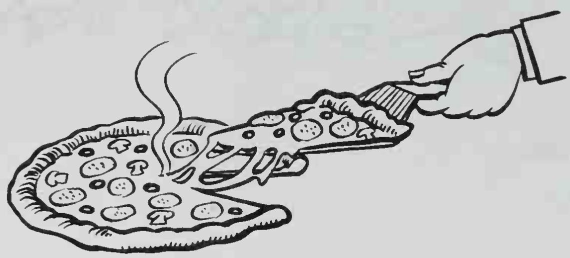
CHAPTER ONE

NOTHING HAPPENS UNTIL SOMETHING IS SOLD

No matter who you are and no matter what you're doing, you are in business. *Everyone* is. If you're an employee, you represent yourself in selling your time and labor to a buyer (your employer). If you're a car salesman, you earn income by filling others' transportation needs. Everyone is selling something, so we're all in business, which is J. Paul Getty's first rule of success.

But let's say you feel you could serve more people's needs by providing another service you like and are good at … let's say you might make a great pizza and there's a tremendous need in your town for a first-rate pizza parlor. Your relatives and neighbors have been telling you for years that you should go into the pizza business. (Isn't everyone quick with advice? Why didn't *they* open a pizza parlor and hire *you*? Armchair quarterbacks …)

Many businesses begin just this way. You finally muster up enough courage and agree to open your own pizza parlor. You know pizza inside and out — you've got the expertise and you convince all your relatives, friends, neighbors, and even the bank to back your new business financially. You're barely squeaking by, but you manage to open your pizza place in Downtown, Anyplace, USA.



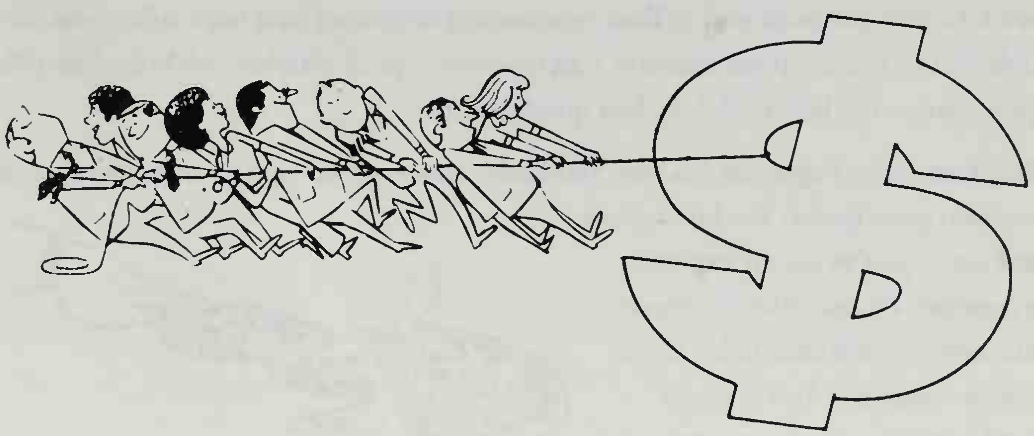
But now what happens? You find out the light bills are much higher than you anticipated. Advertising costs just went up. The cost of tomato paste tripled, and the cost of the boxes to put the pizzas in just quadrupled. Now you find yourself in a position where you're no longer in business … you're in bankruptcy!

Here you had all the expertise in the world you needed to run a successful business, but you don't have enough capital to carry it through.

On the other hand, I have a friend named Jerry who makes a terrible pizza. Jerry's pizzas are so bad that people avoid them whenever possible. But Jerry has money — lots and lots of money. Jerry has so much money the bank bounces when he writes a check! Well, Jerry heard that the pizza business was a good one, so he decided to open his own pizza place. Soon the word gets around town: "Don't go eat Jerry's lousy pizzas; they're the worst!" And pretty soon Jerry's out of business because he can't make a decent pizza.

These are not far-fetched examples! The world is filled with these sad tales. It may have very likely happened to you or someone you know. It's no secret that over 90% of all new businesses go under within one year.

What's exciting about the business(es) THE WORLD'S MOST POWERFUL MONEY MANUAL introduces you to is that you can own your own for as little as $1,000; and not more than $5,000 is recommended! So capitalization is not a problem. Another exciting facet of this program is that it comes with all the expertise you'll need to operate and maintain your business(es).



CHAPTER TWO

THE FREE ENTERPRISE SYSTEM

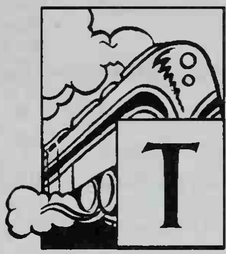
This chapter reveals the secret of all prosperity. No one has ever become wealthy, prosperous, or influenced and improved lives without utilizing this secret. But it really shouldn't be called a "secret" because it's available to anyone who will use it. It's a principle, like gravity, that has no mind of its own and no conscience. Like gravity, it doesn't like you or dislike you. If you know how it works, you can use it to your benefit; if you don't know how it works or try to act against it, you will get hurt. You can use it to small advantage or tremendous, leveraged opportunities. You can ignore it completely and suffer the consequences of not utilizing this principle, or you can abuse it a little or a lot and "get your nose bloodied" a little or a lot. Just like gravity, it can sustain life and it can take life away — it is capable of producing tragedy and suffering. There's no need to fear this principle, however; it isn't capricious or arbitrary. It simply reacts to your action (or inaction). Your job here is to understand this principle and learn how to use and benefit from its tremendous power.

This isn't taught in schools — any school. It isn't the subject of any seminar. Many books mention it, but only a few describe it accurately. Only a handful tell you how to use it. And, as far as I've researched, only THE WORLD'S MOST POWERFUL MONEY MANUAL program takes you by the hand and demonstrates how to benefit from it. Hundreds and thousands of all kinds of people all over the world are utilizing and prospering from this principle. And they discovered how to use it on their own. Here's an illustration of the principle in use:

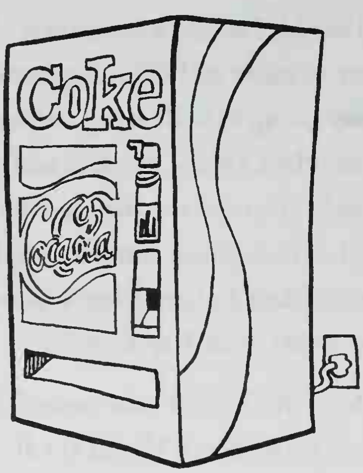
Coca-Cola does a reported annual sales volume of over $3 billion. Three-quarters of that volume, or about $2.25 billion, comes from the

CHAPTER TWO

THE FREE ENTERPRISE SYSTEM



This chapter reveals the secret of all prosperity. No one has ever become wealthy, prosperous, or influenced and improved lives without utilizing this secret. But it really shouldn't be called a "secret" because it's available to anyone who will use it. It's a principle, like gravity, that has no mind of its own and no conscience. Like gravity, it doesn't like you or dislike you. If you know how it works, you can use it to your benefit; if you don't know how it works or try to act against it, you will get hurt. You can use it to small advantage or tremendous, leveraged opportunities. You can ignore it completely, and suffer the consequences of not utilizing this principle, or you can abuse it a little or a lot and "get your nose bloodied" a little or a lot. Just like gravity, it can sustain life and it can take life away — It is capable of producing tragedy and suffering. There's no need to fear this principle, however; it isn't capricious or arbitrary. It simply reacts to your action (or inaction). Your job here is to understand this principle and learn how to use and benefit from its monumental power.



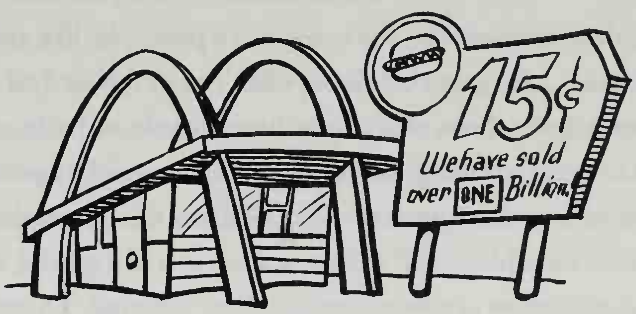
This isn't taught in schools — any school. It isn't the subject of any seminar. Many books mention it, but only a few describe it accurately. Only a handful tell you how to use it. And, as far as I've researched, only THE WORLD'S MOST POWERFUL MONEY MANUAL program takes you by the hand and demonstrates how to benefit from it. Hundreds and thousands of all kinds of people all over the world are utilizing and prospering from this principle. And they discovered how to use it on their own. Here's an illustration of the principle in use:

Coca-Cola does a reported annual sales volume of over $3 billion. Three-quarters of that volume, or about $2.25 billion, comes from the

Coke machines themselves. Now don't run out and buy a Coca-Cola machine and stick it out in front of your house: Each Coke machine does an average of only $40 to $60 per month! "Only" $60 per month doesn't sound like much, does it? But what if three $20 bills blew out of your wallet … would you chase them down the street? You surely would! Still, $60 a month doesn't seem like much, unless you own 1,000 Coca-Cola machines! But here's the bad news: A Coke machine costs around $3,500 or more, depending upon its electronic sophistication. So we're back to undercapitalization again. You'd need from a million and a half to three and a half million dollars to control 1,000 Coke machines!

Look at *this* example of the principle in action: Over forty billion hamburgers have been sold under those golden arches!

Ray Kroc bought the McDonald Brothers' hamburger stand in San Bernardino, California when they were selling hamburgers for fifteen cents apiece. Some of you will remember these $.15 hamburgers — it wasn't that long ago! People drove from all over for a McDonald's hamburger. They came from everywhere. Now Mr. Kroc had to make a decision: He either had to expand the existing business by adding to the building, installing more stoves, hiring new employees, etc., etc., or, he said, "I can be smart and build duplicates of what I've got here in San Bernardino all over the world!" You know what he decided …

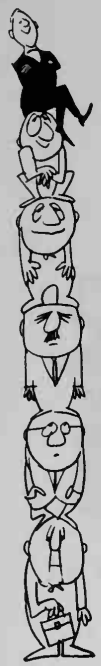


All the McDonald's businesses all over the world produced over 40 billion hamburgers, but how many of those 40 billion burgers do you think Ray Kroc personally cooked? What about the clerks who get up at 5:30 every morning? What about the manager of each McDonald's who goes to work five days a week, week in and week out? And what about even the franchise owner of each individual McDonald's — how much do you think he or she earns? A lot more than the clerks, certainly, but how about compared to Ray Kroc, whose hands rarely touched a hamburger? Who's most likely to have taken a 'round-the-world cruise? A McDonald's clerk, manager, franchise owner — or Ray Kroc?

Why is this? What's the secret? The difference, the reason, and the "secret" is to learn how to multiply your efforts. MULTIPLICATION is the answer.

Science is only beginning to talk about cloning, but that's the idea: You learn how to make a certain amount of money by providing some type of service or product others need. Then you

simply get ten clones of yourself and let them do the same thing! Well, we're not at that point yet, but isn't that what a business is? A business is nothing less than an extension and multiplication of its owner. Ray Kroc used to cook hamburgers; now his extensions (his "clones") cook billions of them.This is the secret: 90% of the world's population works for the other 10%. If you're an employee, you're a clone of someone else! This Manual shows you how to get into that ten percent. You're going to learn to do what Ray Kroc, 7-Eleven stores, Coca-Cola, Century 21, and all the mighty multipliers have accomplished.



You're going to learn how to open a minimum of one, and possibly several, businesses of your own WITHOUT THE HASSLES AND HEARTACHES THAT 90% OF NEW BUSINESSES SUFFER! Not all of your businesses will be profitable. Some will do better than others. Some will even lose money. But you will learn to enjoy an enviable success rate. You'll be able to weigh the odds so much in your favor that even if nine out of ten of your businesses fail miserably, that one successful business will more than make up for the losing nine!

Not all 7-Eleven stores, Coke machines, and Century 21 offices do the same ... some go out of business and others make enough money to outshine all the losers combined. The same will be true for you and your business(es).

CHAPTER THREE

GOING INTO BUSINESS (YOU DON'T HAVE MUCH OF A CHOICE!)

Whether you need to preserve the capital you've accumulated already or are essentially interested in acquiring enough capital to preserve (!), there is no choice but to go into business for yourself.

Let's look at your "alternatives" (This list compiled by U.S. News & World Report):

SAVINGS ACCOUNTS/TIME DEPOSITS. Years ago, fixed-interest instruments worked, but no longer — inflation smothers them.

STOCK. You're somewhat familiar with corporate stock because your parents talked about it. It's possible for you to accumulate and preserve capital in the stock market, but it's not likely. The economy we live with today is not the economy of a generation ago. Not much sense can be made of today's stock market. You may be riding a winning stock for a while, but today's top-of-the-heap quickly sinks to the bottom of the barrel!

LIFE INSURANCE/PENSION PLANS. The surest way to profit from an insurance company is to die or become disabled! And we've already seen where most Americans retire with an average of $800 per month income. So much for pensions ... And do you realize how frightened many pensioners are that the company they retired from is going broke?! Twenty-five to forty years' work, only to have the pension checks dry up. So much for "security."

DEMAND DEPOSITS/CURRENCY. Ditto item 1 (Savings Accounts/Time Deposits).

OTHER U.S. GOVERNMENT SECURITIES. Ditto item 1.

MONEY MARKET FUNDS. Ditto item 1.

CORPORATE BONDS/OPEN-MARKET PAPER. You're probably not involved in the bond market, but it surely sounds impressive at cocktail parties when a distinguished-looking gentleman or lady says, "I'm diversified in stocks and bonds." Bonds are essentially a savings account, only worse! With a bond, you are lending your money to a corporation, city, or federal or state government at a fixed rate of interest for a specific amount of time. When the bond "matures," your original investment is returned. In the interim, you've been "clipping coupons" on specified dates; thus, you're receiving interest on your money as you wait for the maturity date to arrive. Unlike savings accounts, bonds are not guaranteed. But exactly like savings accounts, inflation gobbles up bonds' yields, too. Suppose you bought a $10,000 bond that pays 9% over a twenty-year period. You wait and wait and suddenly interest rates are at 15%. Now you decide you'd like to cash out and save what you can, so you offer your bond for sale. Your $10,000 bond, earning 9% interest, yields $900 per year for 20 years, or $18,000. This, plus your original $10,000 investment, equals $28,000 (if you put that same $10,000 in only a 5 ½% annual savings account and left it alone to compound for 20 years, you'd have $29,177.57!!!). When you decide to sell your bond, maybe today's bonds are paying higher interest rates — 15%. A $10,000 bond, at 15%, yields $1,500 per year over 20 years, or $30,000, plus the original investment of $10,000, for a grand total of $40,000. In comparison, the 15% bond beats your 9% bond by $12,000. Do you believe, then, that anyone interested in buying your 9% bond would pay face value? Not a chance! You would have to discount your bond so that the buyer would at least be earning today's bond rates. When inflation rates rise, bonds decline in value. Bonds aren't the answer to preserving or accumulating capital.

The bottom line in any fixed-interest instrument (even high-yielding ones) is that you must have a substantial nest egg to begin with. So what if you can earn even 25% on your money if you only have ten-, twenty-, thirty-, or even fifty-thousand dollars; you cannot generate wealth that way unless you begin with over $100,000.

REAL ESTATE. Thousands and thousands of people (including me) have made fortunes in real estate the past few years. Many will continue to do so, but it's no longer as easy as falling off a log, like it used to be. I made mistakes that would have wiped my financial slate clean in any other business, but one would have actually had to deliberately try to do wrong in real estate! It's just not that easy today. Government interference, banks' and savings and loans' greed, rising interest

rates with sinking prices are making it very difficult to find and arrange attractive, profitable real estate deals. Oh, they're out there, and always will be, but it's the time, effort, distastefulness, and capital that'll keep most people out of the real estate market.

So it seems we've examined our options for capital accumulation and preservation and have ended up at OWNING ONE'S OWN BUSINESS. What do you think it takes to run your own business?

Will you be a corporation, partnership, sole proprietorship? Who will handle all your legal problems, questions, and regulations? Specialized attorneys are expensive. Business-specialist accountants are high-priced, too. You'll require an excellent bookkeeper (and hopefully more than one, if your new business survives!). Collection services are a must for many businesses. Will you require an inventory control system or staff? How will you pay for your inventory? A bank loan? How large is your advertising budget? Will you need the services of an advertising agency or publicist? If customers are coming through the door, can you maintain quality and a continuous flow of merchandise? How many employees will you need? Do you understand what you're required to pay and provide them with? There's OSHA, the Social Security Administration, Federal agencies, State agencies, and local authorities to deal with. What about unions? Health insurance? Retirement programs? Will you need any but the basic types of insurance? Is it likely you may easily be sued in your business? Will you have enough money in reserve to get you through any hard times (there *will* be hard times!)? Are you prepared to personally run your business, at least for a while, until it gets on its feet? If you're working now, can you afford to let your present job and income go? What about overhead: rent, lease, electricity, gas, water, security, janitorial? What business will you open? Do you have the expertise or know where to find it? Do you have enough capital? Any chance of bad publicity ruining your business? (One major multi-level company just filed Chapter 11 because of negative publicity.) Will your business be at the mercy of whims, fads, public opinion, boycotts, or strikes? What about competition? (A large chain moves in and obliterates your business … that's happened more than once!) Can you handle all government regulations that may affect your business adversely? (My father-in-law tells me that grocery stores must adhere to over 22 pages of government regulations on hamburger alone!) You, or someone you pay, will have to provide constant supervision — no days off! How will you handle the overwhelming problem of employee/customer theft?

If you've ever dreamed of owning your own business, that list of questions probably dashed your dream! When I walk through a shopping mall, I realize what a miracle it is that any of the shops and stores are functioning. Some are even making a profit! Is it any wonder over 90% of all new businesses fail?!

NOW THE GOOD NEWS

There is a business — in fact, there are many businesses — that have none of the problems we just itemized.

THESE BUSINESSES:

Will be run entirely by you, and you alone.

Require no attorney, accountants, or bookkeepers. Have no collection problems.

Have no inventory.

Are never advertised.

Have no "customers."

Need no "employees."

Require no insurance.

Can be established with as little as $1,000 to $5,000 (more than $5,000 is never recommended!).

Never suffer from hard times.

Thrive in any economic climate — inflation, hyper-inflation, recession, stagflation, or an outright depression.

Require very little of your time. A multi-million-dollar empire, in fact, can be run on about two hours of your time every day!

Allow you to continue working (if you want to), retiring, vacationing, recuperating or whatever you want!

Require no more facilities or utilities than you now have in your home or office.

Cover the complete spectrum of interests and living.

Require no education, classes, licenses, applications, fees, dues, or registration. All the training you'll need to get going is included in and with THE WORLD'S MOST POWERFUL MONEY MANUAL.

Offer you everything (and more) that you've ever wanted from a business of your own.

Are fueled by the very same principle and power behind 7-Eleven stores, McDonald's, and every fortune-making enterprise in America today: MULTIPLICATION.

Have no competition.

Are not hurt or hampered by fads, whims, political, or social events.

Do not suffer from bad publicity.

Are not subject to employee or customer theft or embezzlement (since there are no customers or employees!).

CHAPTER FOUR

THE PRINCIPLE AND POWER OF MULTIPLICATION

Multiplication is the key ingredient in any successful, profit-making enterprise — period.

The classic example of the power and principle of multiplication is the story of a child asking his father to change his allowance system to the "pennies-a-day" method. "What's that?" asks the father. "Oh, it's simple," his son explains. "You just give me a penny today, two pennies tomorrow, four the next day, and so on. Then we'll start all over again next month." This sounded harmless enough, and the father thought he might even save some allowance money on this deal, so he agreed. Here's what the son "received": $5,368,709.12!

And if there were 31 days in the month that the father and son entered into this agreement, the son would have been owed: $10,737,418.24!

But did the son receive "only" $10,737,418.24? No!! That's what he was owed on the 31st day. To find out the son's total income that month, we must add up all 31 days' earnings! You can do that if your calculator will accommodate those size numbers (mine won't), but the total is just over $20 million! Suffice it to say that the father learned a valuable lesson from his youngster concerning gentlemen's agreements!

Something as small and as insignificant as a penny has, by applying the power and principle of multiplication, exploded into

millions of dollars in one month's time! Ray Kroc receives no more than pennies on each hamburger his franchises sell ...

Never underestimate the power of a penny when it's pressurized under the power of multiplication!

Day #1:	$.01
2:	.02
3:	.04
4:	.08
5:	.16
6:	.32
7:	.64
8:	1.28
9:	2.56
10:	5.12
11:	10.24
12:	20.48
13:	40.96
14:	81.92
15:	163.84
16:	327.68
17:	655.36
18:	1,310.72
19:	2,621.44
20:	5,242.88
21:	10,485.76
22:	20,971.52
23:	41,943.04
24:	83,886.08
25:	167,772.16
26:	335,544.32
27:	671,088.64
28:	1,342,177.28
29:	2,684,354.56
30:	5,368,709.12

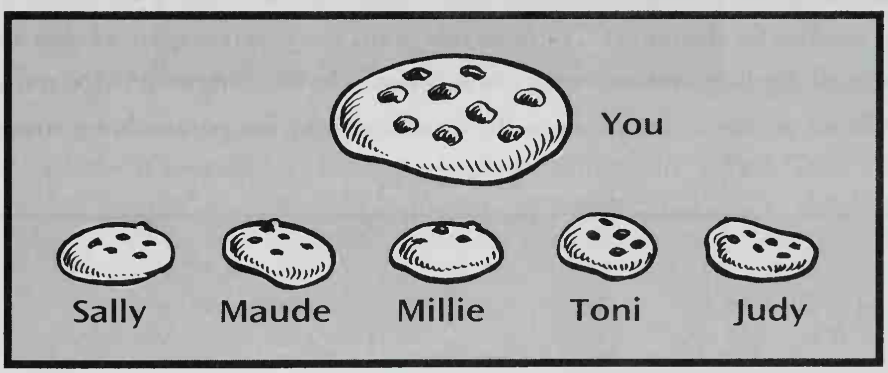
And if there were 31 days in the month that the father and the son entered into this agreement, the son would have been owed: $10,737,418.24!

CHAPTER FIVE

A UNIVERSAL PRINCIPLE: DUPLICATION/MULTIPLICATION

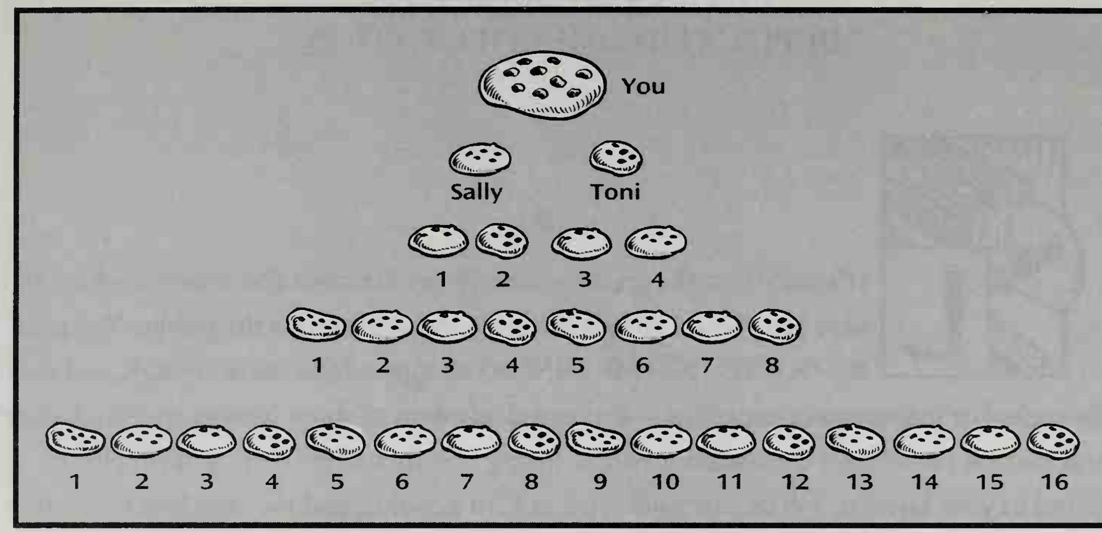
Let's say you make great cookies. Everyone raves about your cookies and says you should go into business and sell them to the public. You read the GOING INTO BUSINESS chapter of this book, though, and don't have the capital or management expertise — and you don't want all those hassles and headaches! So you approach two of your enthusiastic, cookie-loving friends and tell them you're selling cookies out of your kitchen, will let them sell retail at $.50 a cookie, and they can buy from you wholesale at $.25 per cookie.

Word gets around your neighborhood that here's a way to fill a need and earn some extra money. Soon, you have five neighbors selling your cookies for you. In a sense, you've duplicated your own efforts.



Sales are going great. You're baking a lot of cookies, and Sally, Maude, Millie, Toni, and Judy are making good money and enjoying themselves at the same time. You could go on and on like this. But suddenly you realize that training each new person to sell cookies for you is taking up a lot of your time — time that could best be spent baking more cookies the way only you know how to bake them. An answer suddenly manifests from "out of the blue" (as they usually do): Sally and

Toni are enterprising souls, too. And they realize they can teach others to do what they're doing and make more money themselves by duplicating *their* own efforts. You sell even more cookies, Sally and Toni make even more money, and their recruits are making extra money. Everyone's happy; but when what just actually happened dawns on you, you're *ecstatic*: You're no longer simply duplicated, you're MULTIPLIED!



You taught only two people to sell cookies, but now you have 30 cookie-sellers buying from you!

If you had taught 30 cookie-sellers personally, there wouldn't be enough hours in a day to train and bake cookies for them to sell! Sure, at that point you could employ a baker and bakery and train people all day long, or vice versa, but that would be building a CHAIN, not a PYRAMID. Chains are strong (as strong as their weakest link), but pyramids are strongest.

Let's review:

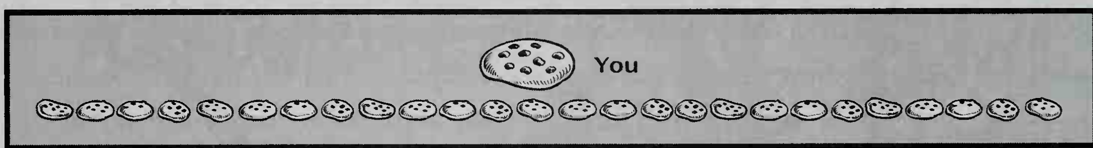
		(Only 3 more!)	
You teach 2 to sell:	2	You teach 5 to sell:	5
They teach 2 to sell:	x 2	They teach 5 to sell:	x 5
They teach 2 to sell:	4	They teach 5 to sell:	25
They teach 2 to sell:	x 2	They teach 5 to sell:	x 5
They teach 2 to sell:	8	They teach 5 to sell:	125
They teach 2 to sell:	x 2	They teach 5 to sell:	x 5
	16		625

COMPARE!

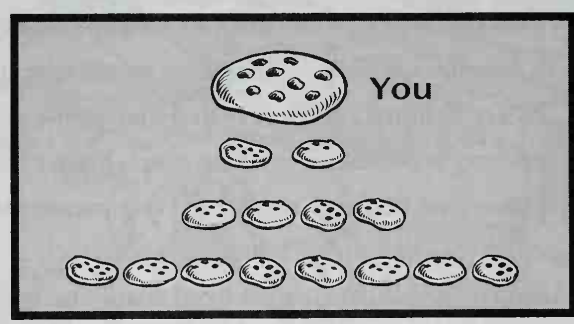
You have 30 cookie-sellers. If you taught only 2, couldn't you manage to teach 5 to teach 5?

That's PYRAMID POWER! This message is what all the multi-level marketing companies (Amway, Shaklee, etc.) are attempting to teach their recruits. Those who are successful at this make literal fortunes. But 99.9% of them don't understand or convey the simple lesson I've just shared with you here. Most multi-level people try to go out and sponsor the world (duplicating themselves), rather than teach only 5 recruits to teach 5, etc. And thereby MULTIPLY themselves. If you're involved in a multi-level plan, this knowledge can turn your world around! The bottom line is, BUILD DEPTH, NOT BREADTH!

BREADTH, and *much effort*, puts you on top of a wall:



DEPTH, and *less effort*, puts you on top of a PYRAMID:



So now we know it's mandatory to be in a business of our own (J. Paul Getty's very first and foremost "Rule for Success" is, "You must be in your own business.") You've also learned so far that there actually exists not only a business, but many businesses that do not suffer from, and are not affected by, the long, long list of pitfalls ruining over 90% of all new businesses in America!

Where, and what, are these businesses that harness the POWER of MULTIPLICATION? They're everywhere, all around you, but you've never realized these never-ending opportunities could be used to your advantage by placing you at the top of a mighty pyramid (instead of at the bottom of someone else's pyramid)!

Let's examine the top of a pyramid: The person at the top of a pyramid is the one who spotted a vast need before all those who will need this product or service realize they're going to need it. All fortunes are the result of many small amounts of money flowing into one, larger source. Ray Kroc didn't make $.50 on every hamburger that sold; he may have made only $.01,

but with over 10,000,000 hamburgers being sold day in and day out through McDonald's outlets, that would be $100,000 a DAY in Ray Kroc's pocket! A little from a lot. Just like your cookie business we created: Lots of people eat lots of cookies. It's easy to even imagine yourself building a cookie pyramid; that is a very sober thought and possibility. But how do you think you'd do trying to build a pyramid around model ships built inside bottles? You could be the world's foremost ship-in-a-bottle builder, but those items would carry large price tags. So you may even have a thriving ship-building business, but it won't reach PYRAMID status. How many people do you think would want to be taught how to sell your ships, and would teach others, and so on? Not many at all.

The large multi-level companies (Amway, Shaklee, Avon, Mary Kay, etc.) are doing BILLIONS AND BILLIONS OF DOLLARS in volume because they deal in basics, necessities. Earn a little bit from a lot. Now you may not like those companies, may not want to become involved with them, and may hope that another friend of yours doesn't try and trick you into attending another "Opportunity Meeting," but those companies are going to do BILLIONS AND BILLIONS OF DOLLARS MORE each and every year, year after year, whether you like them or not, or are part of it or not! "But Mary Kay sells cosmetics — that's not a necessity item," you're thinking. A recent national survey revealed that on the average woman's list of priorities, cosmetics rate one notch higher than food!!! You'll also notice that the large multi-level companies not only deal in basic necessities of life, but they also deal in expendable commodities (which is another of J. Paul Getty's Rules for Success). Amway realizes that people need soap, nearly everyone uses soap, and that they run out of soap. In fact, even during the Great Depression, people still used soap! They still bought groceries, too! Expendable basic necessities.

Sure, there are a few exceptions like the Pet Rock and the Hula Hoop, and those entrepreneurs who were shrewd (and lucky) to be at the top of a pyramid they created and rode with for a while. Those are examples of a lot of money, not true fortunes. J. Paul Getty dealt in oil — necessary and expendable. Proctor & Gamble is into food, cleaning products, and half of all the other items in every grocery store! Ford created an expendable necessity. Edison did, too. When disposable-blade razors were invented, razors were given away — the profit came from the sale of blades (expendable and necessary), not the sale of razors. An updated version of that shrewd business technique is today's coffee-makers. There's very little profit in the coffee-maker itself! Why do you think the manufacturers are always dropping prices on them? That's right — to ultimately sell the paper coffee filters!


DEFEAT IS FOR THOSE WHO ACKNOWLEDGE IT!
GREG.
BEWARE! MEAN, NASTY DOG!

CHAPTER SIX

OPPORTUNITYISNOWHERE

(Separate these letters to make a complete sentence and

write it here____)

Most people read those letters as, "OPPORTUNITY IS NOWHERE." Want proof? Just look around:

DAILY NEWS/Tuesday, June 7, 1983 F-3

The work ethic loses its appeal

By CHRISTINE WINTER
Special to the Daily News

Americans don't seem to be as enamored of the work ethic as they once were, according to a recent survey in Working Woman magazine. The study, conducted by Daniel Yankelovich for

Infobits

the magazine, indicates that almost half the work force believes there is little or no relationship between how hard they work and how much they get paid.

The survey also reveals that three-quarters of the high-technology and white-collar workers readily admit "they are not working nearly as hard as they could."

One of the problems with breaking the link between job performance and pay, according to John Immerwahr, associate professor of philosophy at Villanova University and a consultant to the Public Agenda Foundation, is that "it makes those who try to live up to the work ethic begin to look like fools."

American workers are not lazy by nature, however; more than 60 percent stated they would rather have a job in which pay is tied to performance. Out of the total work force, about half say they "believe their employers will be the prime beneficiaries of any increased work on their part only a third say they think they will benefit equally with their employers.

Frank and Ernest

Second Front Page, Monday, August 29, 1983

U.S. cheating rampant, professor says

United Press International

Americans are cheating – at love, dieting, taxes, school and work - in epidemic proportions, creating a "moral dilemma" and costing an estimated $100 billion each year, a psychologist said Sunday.

Dr. Hattye Liston, associate professor of psychology at North Carolina Agricultural and Technical State University, painted a "blatant, grotesque picture of cheating" at the American Psychological Association convention in Anaheim.

"It's an American pastime, supported by inflation cushioned on a recession which floats in all directions," she said.

Although cheating is not a new phenomenon, Liston said, "our evolutionary society provides many choices and individuals have little opportunity for positive reinforcement from the limited role models.

"Cheating in America is epidemic and big business. It is a moral dilemma."

She cited statistics supporting her contentions:

- Tax cheating exceeds an estimated $100 billion a year.
- Pilferage costs department stores more than $4 billion annually.
- An estimated $1 million is paid each year to welfare double dippers.
- Telephone misuse such as billing to other people's numbers amounts to some $1 million a year.
- Some 60 percent of employees improperly use company and institutional postage meters
- Some 30 percent to 50 percent of scholars sabotage exams, laboratory experiments and term reports or reprogram computer tapes for bills and passing grades.
- Nearly half of those trying to lose weight cheat during their diets.
- Thousands of used cars are sold each year with the odometers rolled back.
- Students have defaulted on 14 percent of federal educational loans.
- Extramarital lovers: "No definite figures, but definitely epidemic proportions."

"Though the manifestations of cheating as an all-American pastime is evident in many places, and in so many ways, there is hesitancy among persons to sound a public alarm," Liston said.

"To disclose improprieties is called whistle blowing. The stakes are high in whistle blowing. Officials who alert Congress to graft, fraud, overspending, Abscam, etc. know they pose a threat to those whom they denounce and that their own careers may be in jeopardy."

Suicide linked to job losses

UNITED PRESS INTERNATIONAL

WASHINGTON - Researchers say a darker side to unemployment is an increase in adverse emotional and physical health effects, and even suicide.

Dr. Duane Q. Hagan, chairman of psychiatry at St. John's Mercy Medical Center in St. Louis, said several studies have produced evidence that job loss contributes to increased ill health and is related to severe mental disorders.

And he said no longer is it just the unskilled and undereducated who are in risk of losing their jobs. He said white collar workers, professionals and managers also share that risk.

"The implications for emotional and physical health are profound," he wrote in a report in the current issue of Hospital and Community Psychiatry, a magazine published by the American Psychiatric Association.

In a separate commentary in the same magazine, Dennis A. Ahlburg of the University of Minnesota and Morton Owen Schapiro of Williams College said: "It is critically important to understand all the costs of unemployment and to attempt to minimise them.

"Those who speak of squeezing out inflation, staying the course, and living with the short-run effects should be aware that the total costs of such a policy go far beyond the more visible economic consequences of fewer jobs and lower production."

Hagen, who reviewed the scientific literature dealing with the subject, said the suicide rate was perhaps the first indicator of health problems linked to changes in the economy.

He cites the research of sociologist M. Harvey Brenner at Johns Hopkins University who found specific correlations between higher job lessness and mortality. His findings suggested that a 1.4 percent rise in unemployment in 1970, affecting 1.5 million people, was responsible for 51,570 deaths, including 1,740 additional homicides and 1,540 additional suicides.

Hagen said Brenner's correlations are controversial, but he said they have been confirmed by other studies. He said researchers in England and Russia also found an association between suicide rates and chronic unemployment.

Other researchers, he said, have found a link between unemployment and homicide, spouse abuse and child abuse.

He said a state hospital in Connecticut noted an increase in the

Income needs for families rise by 140%

United Press International

NEW YORK - A family of four that made $15,000 in 1970 needs $37,000 in 1983 to maintain the same standard of living, and it takes $62,400 to equal a 1970 income of $25,000, the Conference Board reported Wednesday.

"Inflation is the major reason for the 140 percent to 150 percent higher income needed to maintain 1970 standards of living," said Lora S. Collins, director of business conditions analysis at the board.

But a rising Social Security tax burden has contributed to the need for higher incomes for the average family, she said, rising from 3.7 percent of income in 1970 to 6.7 percent this year.

Tax-bracket creep has been a factor only for higher-income families, since "the federal income tax burden on average-income families did not change from 1970 to 1983, but it did increase at higher income levels," Collins said.

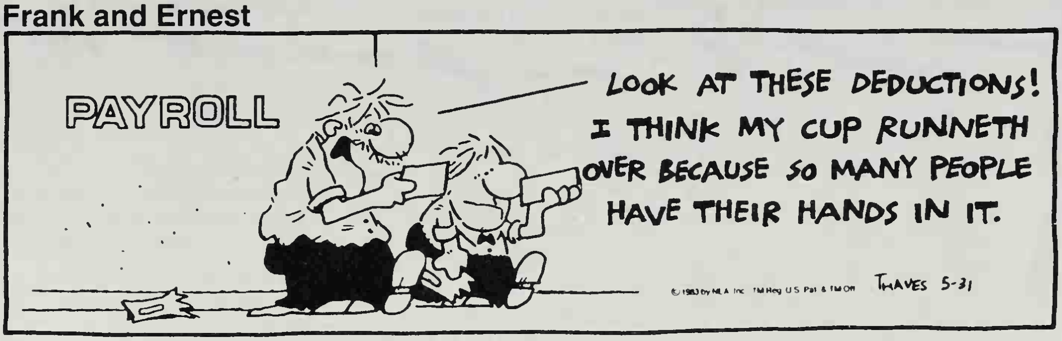
"Even if inflation rises only 5 percent this year, a dollar in 1983 will have only the purchasing power of 43 cents in 1970 dollars," Collins said.

This means a family of four must earn more than $24,000 to equal the purchasing power of a $10,000 income in 1970, roughly the average in come in that year.

The Conference Board, a nonprofit business research group, said although no data are yet available on actual family income in 1983, "it is very likely that the average is between $25,000 and $26,000."

The 1970 average-income family paid 13.6 percent of its $10,000 earnings in federal income and Social Security taxes and had $8,640 to spend, the board noted.

Frank and Ernest



A-3 Tuesday, August 29, 1983 • Daily News

The late bird doesn't get hired - survey

United Press International

NEW YORK - If you're looking for an excellent way to avoid getting hired, then be sure to be a few minutes late for any job interview.

In fact, according to a nationwide study of personnel executives, being 15 or more minutes late for an interview is very likely to reduce your chances of getting the job.

The survey was conducted by Robert Half International Inc., the financial executive, accounting and data processing recruiters.

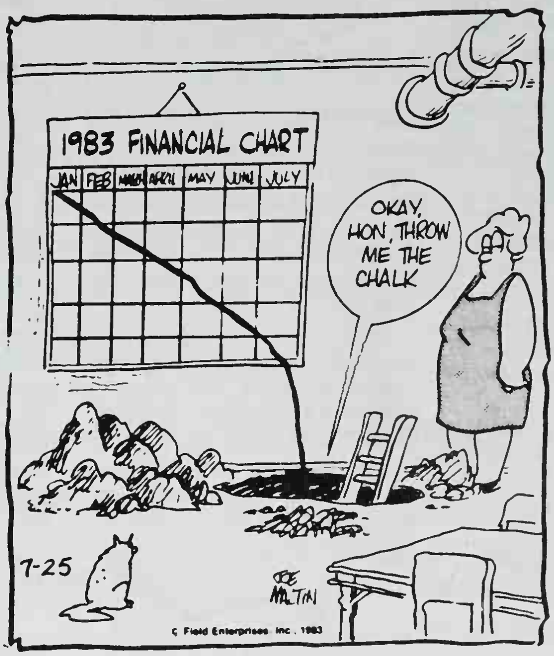
A total of 140 personnel directors and managers of medium and large corporations were surveyed.

They were asked: "In general, what effect does being 15 or more minutes late for an initial interview have on a job candidate's chances of getting hired?"

"The responses," notes Robert Half, president of the organization, "leave no doubt that failure to be on time for interviews can have disastrous consequences."

Here are the results of the survey:

- Sixty-seven percent of the respondents felt that lateness would have an overwhelmingly negative effect on a candidate's job chances.
- Twenty-six percent said that it would lower the candidate's hiring possibilities substantially.
- Only seven percent felt that the impact would be minor. But no one felt that lateness would not have some negative effect on hiring prospects.



In search of honest to goodness entrepreneurs

By JAMES J. DOYLE
United Press International

Successful entrepreneurs do not eat candy. They watch less television than the average person and have more stable marriages.

They seldom join clubs or take much interest in sports, unless they are playing the game. They are more interested in achievement than in rewards.

"Basically, they know they have to stay in good shape, so they don't eat sweets," says Dr. Joan Irish, president of Knight & Irish Associates of New York.

"Clubs are a matter of time, and they don't want to waste it. They take pride in their physical fitness, and they play sports for that reason.

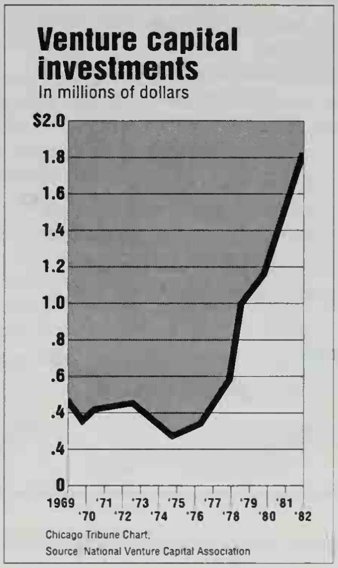
Knight & Irish is an executive search firm specializing in entrepreneurial types (how to identify and properly compensate them) and in venture capital businesses.

"Entrepreneurs, the successful ones, have less need for approval or status," she said, "which are reasons for joining clubs."

Irish was in Los Angeles recently to speak before an association of small business investment companies on venture capital.

The true entrepreneur, with the attitudes that bring success, is not easy to find, she says.

"They are in a hidden pool," she said. "We search them out and find people that really aren't looking for a position but probably should be."



Even large corporations are looking for the types. But they have to be compensated differently than other business and managerial types, she said.

Irish, who earned her bachelor and doctorate degrees at Columbia, and her masters at Yale, serves on Columbia's College Advisory Board.

Over the years, she has formulated a profile of the successful entrepreneur, and outlines characteristics for identifying the type.

- They have a low need for support and approval or for prestige and power. "Or even money. What they need is ego satisfaction."
- They have a high need for achievement - "a greater need than the rest of us. They take personal pride in whatever they do, finish what they start and no job is too small."
- They are self-reliant, self-confident and have a high need for independence.
- They have a need to lead effectively and a talent for recognizing and developing talent. "Ninety-five percent of us think we are of this type, but only five percent of us are."
- They have a high level of energy. "A mile-a-minute, all day person.
- Integrity.
- Good judgment.

Dr. Irish has been looking for–and finding–such people for the past six years.

It is "hogwash," she said, that the true entrepreneur cannot work in a corporate environment.

"They do it every day. What is not hogwash, is that the true entrepreneur must work in an entrepreneurial environment–independence, exercise of personal judgement and initiative and freedom to achieve–whether in the

OPPORTUNITYISNOWHERE

But you may be one of the less than 5% of all Americans who see opportunity everywhere. As Napoleon Hill put it, "Within every adversity is a seed of equal or greater benefit." If that's the case, you separated those letters to read, "Opportunity is now here"! If you didn't, don't be discouraged: This book isn't titled THE WORLD'S MOST POWERFUL MONEY MANUAL by accident! This will likely be at least one of the most significant books you have, or will ever, read. All areas (not just the financial) of your life will begin improving after your first reading. We are complex creatures — the most complex creatures on the face of this earth — and each part of our lives affects every other. When one part improves, all parts improve.


IN FEATURES

Pizza queen, insurance king made of rich stuff

Stories of rags to big bucks

DENNIS GILBERT

ROSE TOTINO

It's not what happens to you that matters, but how you react to it that counts ...
Epictetus, 1st Century A.D.

When we react to things in the right way, even a "bad" event can have a positive outcome. You've seen the stories on television, in newspapers, and magazines where a heart attack victim declares, "This is the best thing that's ever happened to me — I've stopped drinking, smoking, and I live every minute of every day to its fullest now. I appreciate my wife, kids, even the dog! I used to take all my true blessings for granted, but not anymore ... and all thanks and credit go to my heart attack!" This is called turning a negative into a positive, or making lemonade out of lemons.

THE PROOF IS IN THE PUDDING

I was working on this manuscript the day after the Soviets blasted a Korean airliner out of the skies, killing nearly 300 people. As I was writing that morning, my friend Rick called and we began discussing the situation. Rick is an expert on the military, tactics, capabilities, procedures, weaponry, etc., and I was finding myself becoming very depressed over the whole event. During our conversation, I had already made up my mind that I wouldn't write anymore that day — I was

in just too lousy a mood and I didn't want those negative feelings to spill over into my writing. Then I remember thinking, "Where's that seed of equal or greater benefit Napoleon Hill writes about?" Just as I thought that, Rick told me Paul Harvey's radio commentary focused on some good that may come out of that tragedy: Perhaps, Paul Harvey suggested, America has been taking the Russians too lightly lately. This is a glaring reminder that the Russians are different from us. They don't have the same values and don't see things the same way we do. He went on to list other possibilities for good that may come forth, but still the fact remains that human lives were taken needlessly. Without getting into philosophy and/or religion here, let me just say that I'm convinced and certain that the entire situation will produce an equal or greater benefit for all concerned (including the victims). I haven't seen this principle Napoleon Hill describes fail yet ...

What prompted you to buy this book? Maybe you're frustrated, disillusioned, broke, at your wit's end, depressed, unemployed, lying in a hospital bed; I don't know, and it really doesn't matter. Maybe it wasn't even a negative that drove you to get this Manual. Perhaps you're just open to developing yourself and learning more ... it doesn't matter: EVERY reason among all my readers is a great reason because it put this book in your hands! I can state without question that this book is about to open a brand new and exciting door in your life. I know it will because I'm the fortunate one who receives all the phone calls and reads all the letters in response to this book. THE WORLD'S MOST POWERFUL MONEY MANUAL changes lives, including yours.


DON'T WAIT-CONDITIONS ARE NEVER PERFECT!
WEATHER PATTERNS
BEST TIMES TO CALL CLIENTS
BIORHYTHEMS
BIG NEWS
ALMANAC
ASTROLOGY
OUIJA
GREG

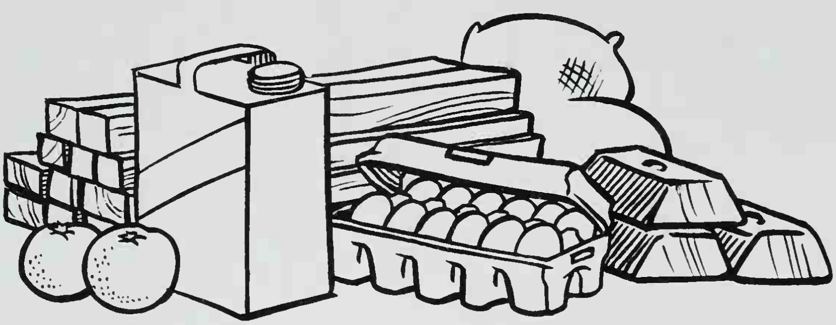
CHAPTER SEVEN

FORTUNES ARE PLAIN AND SIMPLE

The kind of fortunes we like to see, hear, read, and dream about are the glamorous ones: The Pet Rock, Famous Amos Cookies, the Hula Hoop, mood rings, the Beatles, Star Wars, and E.T. But out of all the fortunes being made today, those are a drop in the bucket!

Consider some of your past "sure-fire ideas" that, if you had acted upon them, would have produced a fortune. Weren't they unique, different, and faddish? What we see publicized are the one-in-a-million million-dollar ideas and creations, BUT THOSE DON'T REPRESENT TRUE FORTUNES! Just look at the largest, most powerful corporations in America; they deal in BASIC, EXPENDABLE COMMODITIES — NECESSITIES.

Look at Sears … certainly not a glamour spot! But when the Gross National Product figures are reported, Sears' volume is not included because it accounts for ten percent of the GNP! One company! Look at Kodak, General Mills, Alcoa, Exxon, Getty Oil, Petrolane … Petrolane? I'll bet you never heard of Petrolane! I hadn't either until I worked for them many years ago. They produce and market liquid propane gas. They also own the Mark C. Bloome tire and auto repair chain, one of the world's largest shipping firms, a pen company, and Stater Brothers grocery stores! Everything Petrolane is involved in is a BASIC CONSUMABLE — something everyone needs, uses up, and buys again!



Is there a grungy little AVCO finance company in your town? Most of the ones around me are dirty-looking little places I wouldn't set foot in. But AVCO owns Carte Blanche! Do you shop at

a Safeway supermarket? That's the largest grocery chain in the world! Look at Colonel Sanders' Kentucky Fried Chicken; hardly glamorous — but the only server of more food in the U.S. is the U.S. Army!

Fortunes are being made every day by thousands of little people, average people, whom you will never see on the Tonight Show, Good Morning America, or read about in People magazine. The best example of these unspectacular fortunes, only because they've become a little more conspicuous by advertising their success in your local newspaper, is that of the real estate entrepreneurs who give seminars! They're really not "in real estate" anymore; they're in real estate show business! Boil that down, however, and a real estate "star" is merely teaching; and learning is a low-priority item.

True fortunes, then, are made in high-priority necessities: FOOD, HOUSING, CLOTHING, TRANSPORTATION, COMMUNICATION, ENERGY, FINANCE (Sears owns Allstate S&L, Allstate Insurance Company, and Coldwell-Banker financial brokerages now!), MEDICAL and other NECESSITY BUSINESSES. One-in-a-million fortunes are made in FAD, VANITY, or LUXURY businesses. Don't give up that idea that's been a glowing ember in your brain, though; just put it on the back burner until you have the experience and capital to nurture it ... and maybe your idea is an offshoot of what's essentially a high-priority business. One evening as I was taking home a new baby-sitter my wife had hired, she directed me to where she lived. To my surprise, we pulled up the drive of a large, beautiful, obviously very expensive home. I asked what business her father owned (the only "employee" living in these kinds of homes would be the president of a large corporation!). "Oh, you know the bags potato chips come in? His company manufactures those." Another "ordinary, plain-and-simple fortune ... " THINK BASIC! Ray Bradbury put it effectively: "In order to be creative, you don't have to be original."

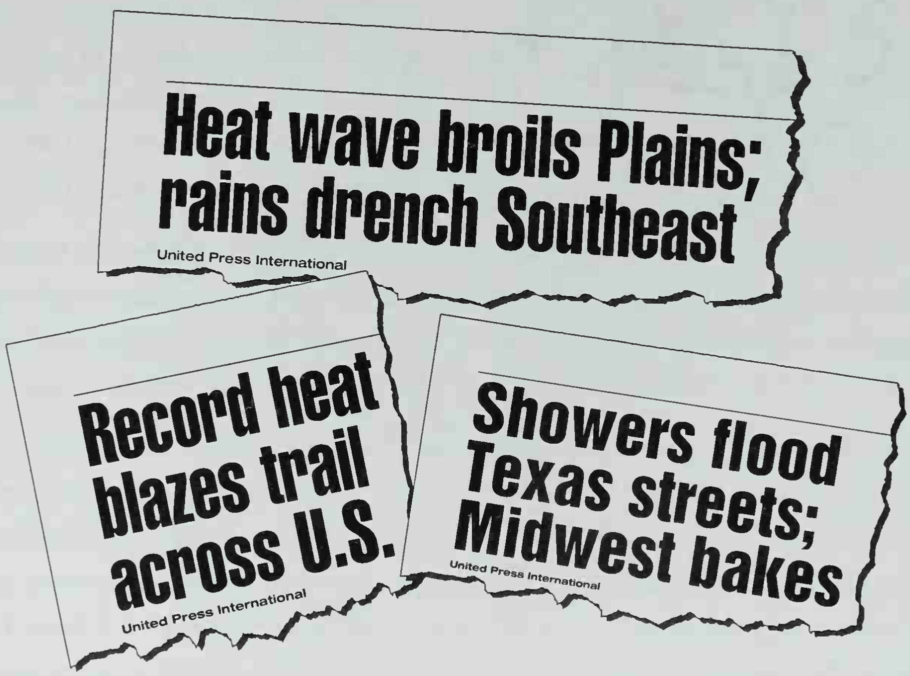
CHAPTER EIGHT

LEARNING TO SPOT PROFIT OPPORTUNITIES

So far, we've seen that fortunes are made by filling people's needs, and that requires going into your own business. In spite of the long, long list of necessities, and the overwhelming odds against them, some businesses do make it and, indeed, a very few even duplicate themselves.

We've also learned that it's best to begin a business that deals in the most basic consumable — items everyone needs, can hardly live without, and uses up, over and over.

I've already launched three businesses of my own this year (in the past 9 months) and the results so far put every other business I (or you) know of in their shadows. Let me begin with one you're already fully aware of ...



Although it's been a "hot" topic and blasted all over your television, radio, newspapers, and magazines since June (1983), you didn't need anyone to tell you the U.S., as well as many other parts of the world, was in a record-breaking heat wave. Even shut-ins, with no TV, radio, or

newspaper, knew this! It was certainly no secret that our crops were in serious jeopardy and you'd know just how serious pretty soon in the grocery store! News reports of crop failures and historically-low harvests were everywhere.

Daily news stories reported that the 1983 drought was being compared to the Dust Bowl days of the 1930s …

Now you don't require a college degree, high school diploma, or, in fact, a formal education of any kind to know THE ONE BASIC LAW OF BUSINESS: The Law of Supply and Demand. If you have 100 apples and 500 people want your apples, the price of your apples goes *up*. But if only 14 people want your 100 apples, they will only pay *less* than your asking price because they can get apples for less somewhere else. This is what makes the world go 'round — the value of something is determined by the price it sells for!

Being more aware and actively looking for profit opportunities now, you speculate: "Well, if crops are down — way down, it seems reasonable that all products using those crops will have to go up in price. That's what the law of supply and demand dictates!" You're right! Perhaps that thought even crossed your mind in June 1983 when drought news had permeated the country.

So what do you do about it? Open a grocery store? No, for not only is that an overwhelming business to get into, but also, the owner of any grocery store won't make a profit on the higher cost of crops. Sure, s/he'll be selling flour, cereals, and grain products at higher retail prices, but s/he would have had to pay higher wholesale prices! A rise in price, but not in profit.

Well, then, let's travel along the marketing chain another step: Maybe we should consider opening a grocery wholesaling business. We would supply many grocery stores with flour, cereals, and grain products. Since we would be buying these items in such huge quantities (in order to fill the needs of many individual grocery markets), we would pay a lower price than any individual grocery store owner could, and that difference would be our profit. Well, I know I don't have enough expertise or money to open a wholesaling business, complete with warehouses and a fleet of 20-ton trucks; besides, wouldn't the cost of flour, cereals, and grain products cost me, as a wholesaler, more money, too? Sure it would! I would be in the same boat as the grocery store

owner: charging the customer (the grocery stores) higher prices, but having to pay higher prices, too.

What's the next step, then? Who do the grocery wholesalers buy their products from? Well, they buy directly from Gold Medal Flour Co., General Mills, Kellogg's, and Quaker Oats. But these companies are charging more, as we've already seen, because the higher cost of grain in their products is simply passed along, too. Then who do Kellogg's, Gold Medal, General Mills, and Quaker Oats buy their grain from? From grain brokers. Grain brokers? You mean I'll have to buy a silo, trucks, and train cars to get into the grain brokering business? Yes, you would. But the grain broker is simply passing along the higher price of grain, too. Who's left? Where do grain brokers buy grain from? And who's making all this profit and charging high prices that eventually I'll be paying when I buy a box of Wheaties at my corner supermarket? That's right — THE FARMER!!!

"You mean THE WORLD'S MOST POWERFUL MONEY MANUAL was written to tell me to go out, buy a farm, and become a farmer?!" Although it would be profitable to be a farmer this season, what about next year, and the next? Farmers may be starving again next year. Their lives, families, and futures are in farming — for the long haul. It's the few "good" times, like we saw in 1983, that keep them going. Farming is where some phenomenal profits are this year, but no, I would never even consider being one of America's farmers; it's a thankless business. THE WORLD'S MOST POWERFUL MONEY MANUAL shows you how to get into THE WORLD'S ONE PERFECT BUSINESS!

CHAPTER NINE

YOUR PIECE(S) OF THE AMERICAN PIE

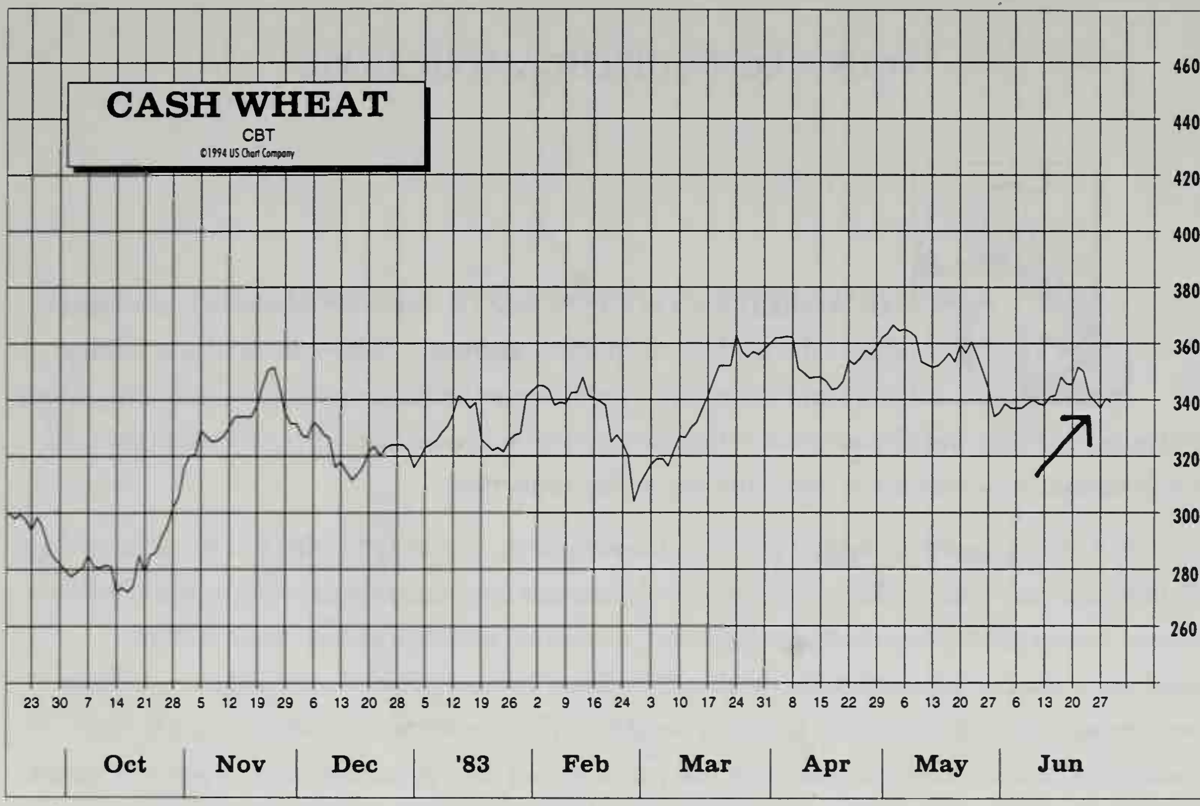
THE WORLD'S MOST POWERFUL MONEY MANUAL introduces you to the world's one perfect business — a business that is attracting more and more of the world's most brilliant minds (now including yours and mine!), but the world's one perfect business isn't new. It's not even old — it's more than old. It's an antique now because it's over 100 years old in America!

Is it really possible to begin one's own business with as little as $1,000, but never more than $5,000, and have none of the multitude of problems and obstacles inherent in any other business anyone knows of? A business that is inflation-, recession-, and depression-proof, with no employees, attorneys, accountants, overhead, licenses, inventory, insurance, marketing, selling, negotiating, accounts receivable, accounts payable, billing, lawsuits, or hassles? Yes, it is. Is it possible to have a business of your own that provides you the opportunity and vehicle to amass a *true fortune*, riches beyond that of ANY OTHER BUSINESS OR OPPORTUNITY? Yes, it is — thanks to the system of free enterprise we are blessed with in the United States.

The American government has established a chain of giant shopping centers around the country where you and I can buy the products that all Americans use and need.

Going back to the profit opportunity we spotted in American crops in 1983, from which many people lined their pockets with profits (at least for a while), let's see how we could have established one of these "perfect businesses" I've been telling you about:

Wheat is a major American crop; surely it was affected by the drought we had in 1983. Let's say we were aware of, and actively looking for, these special profit opportunities in June 1983 when the nation's weather began making headlines …



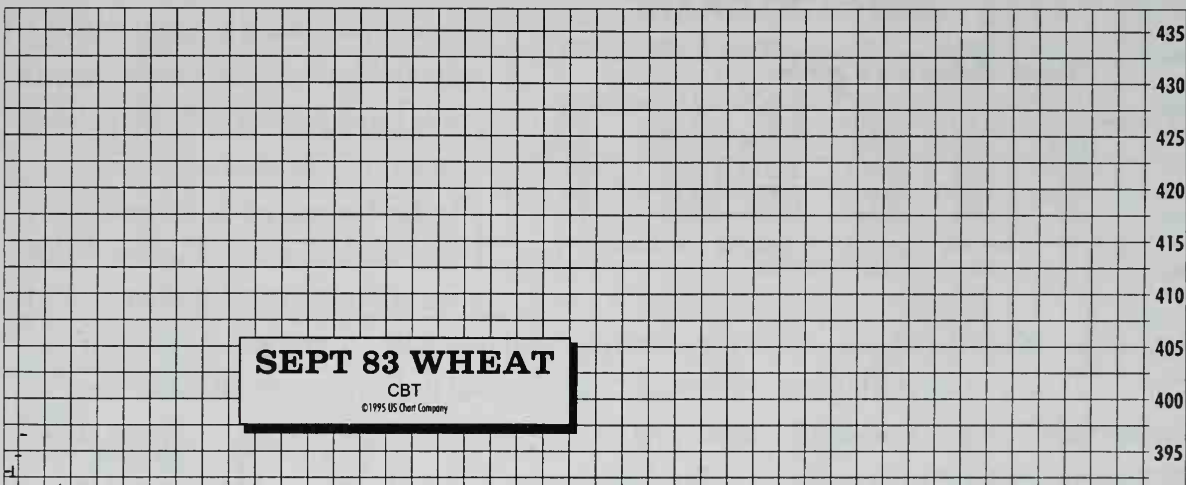
This is a graph of cash wheat prices and shows the actual, day-to-day, cash-on-the-barrelhead price being paid for wheat. Notice the dateline across the bottom of the graph: Between June 20 and June 27, 1983, for example, cash buyers of wheat paid exactly 340¢, or \$3.40, per bushel of Red wheat at the St. Louis "shopping center." "Red" wheat is a particular identification for a certain kind of wheat, just as "Delicious, Golden Delicious, Macintosh, Roman, Roman Beauty, Jonathan, and Pippin" identify types of apples.

If you wanted to bake a loaf of bread and suddenly realized you were out of flour, you'd hop in your car, drive to your nearest grocery store, and buy a bag. If you were Wonder Bread,

however, you couldn't afford that kind of lack of planning. Not only would you stock your pantry full of flour, but you'd also tell your grain (flour) broker you'll be needing (and kneading!) such-and-such an amount next week, next month, and for many months thereafter. You couldn't stay in business otherwise!

For this reason, you can place a *future* order for wheat and use a lay-away plan. Cash prices and future, lay-away, prices may be different. If I'm a bakery and you sell flour, and I ask you to reserve a certain amount of flour for me which I'll pick up in three months, you're going to ask me for a deposit and you're going to charge me more per bushel for the cost to store, insure, and maintain my future order.

Here's a graph of the future price of wheat to be delivered in September 1983:



Notice, if I had paid cash for my wheat on June 24, 1983, it would have cost $3.40 per bushel, but if I requested September 1983 delivery of my wheat, on that same day (June 24th), it would have cost me between approximately $3.58 and $3.60 per bushel. That's a premium of between 18¢ and 20¢ more per bushel than if I had paid cash, but I have no choice because I have no place to store all the wheat I'll need …

The September (future) price fluctuates for several reasons, which we'll see later, and that's the reason the June 24th price for September delivery of wheat isn't represented by simply one dot on the graph.

Here's a chart of the September-delivery wheat prices on June 24, 1983.

CHICAGO GRAIN

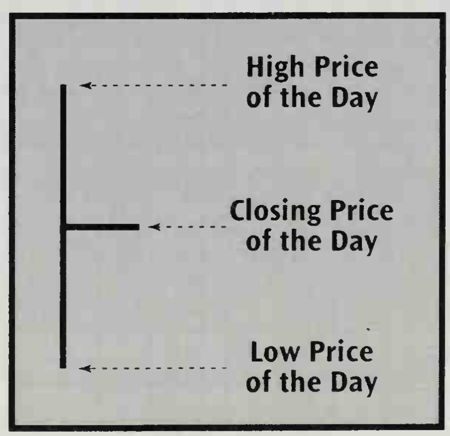
	Open	High	Low	Close	Prev.
Wheat—5,000 bu; $ per bu					
Jly	3.49½	3.49½	3.47	3.47¼	3.49½
····► Sep	3.60	3.60½	3.58	3.58¼	3.60¼
Dec	3.74¾	3.75	3.72½	3.73	3.74½
Mar	3.82	3.82¾	3.80½	3.81	3.82¼
May	3.82½	3.84¾	3.82	3.82½	3.83
Jly	3.73	3.74½	3.72	3.72	3.73

Thursday sales 92,565 bushels; Thursday open interest 220,830 up 6,835

Wheat is purchased in 5,000 bushel units and here you can see the various prices being paid for different delivery months (July, September, December, March, May, and July). On June 24, 1983, here's what happened with the price of wheat to be delivered in September: When the day's business began ("Open") on June 24th, 5,000 bushels of wheat cost $3.60 per bushel (bu); the highest price ("high") anyone paid that day was $3.60-½/bu; the lowest ("low") anyone paid was $3.58/bu; and when closing time came, the price stopped at $3.58-¼/bu ("Close"). Prices the preceding business day ("Prev.") closed at $3.60-¼/bu (2¢ higher than today).

These fluctuations in price, indicated using numbers (above), are illustrated on a graph using just two lines to represent each day's price activity:

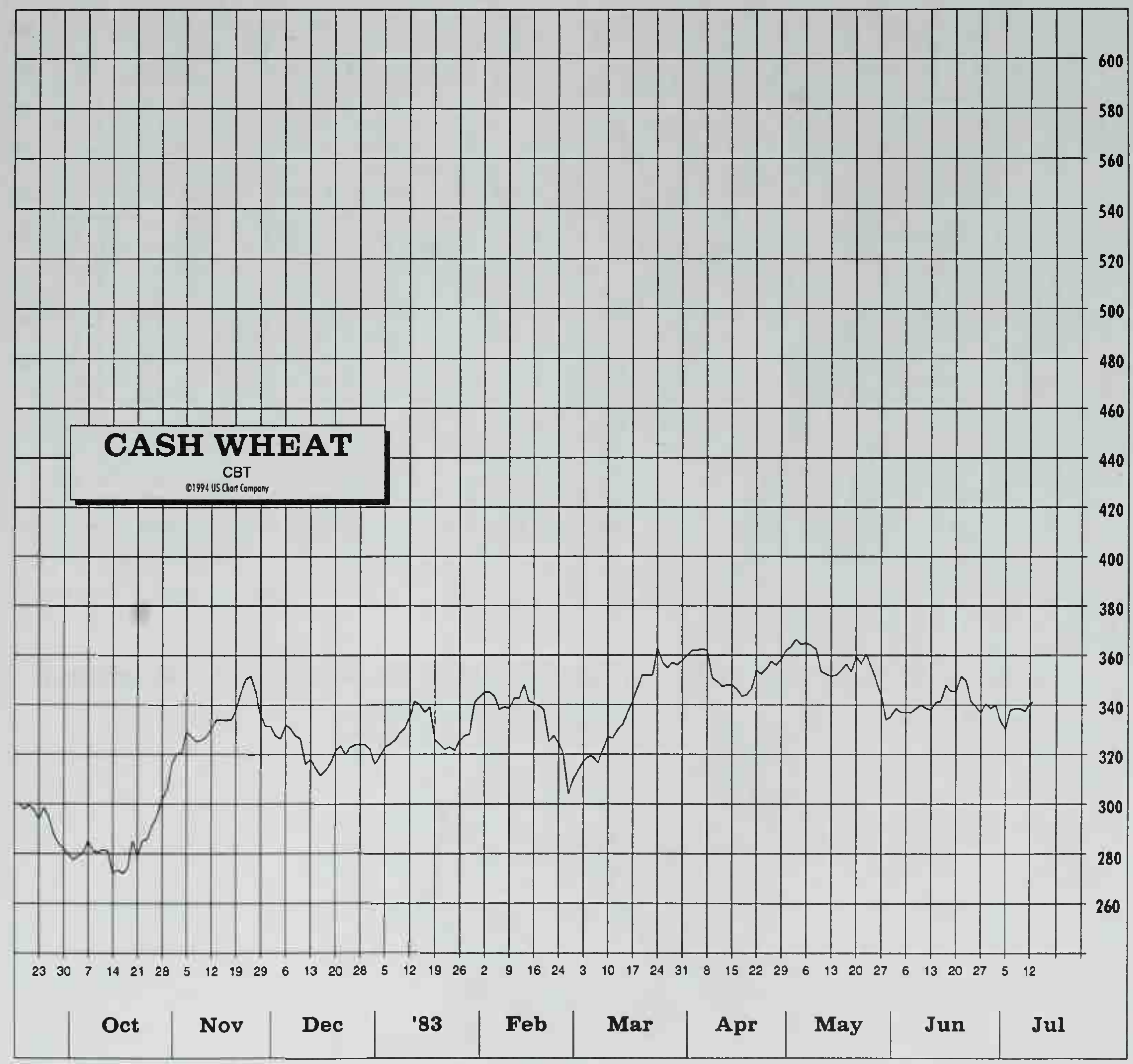
HIGH-LOW-CLOSE

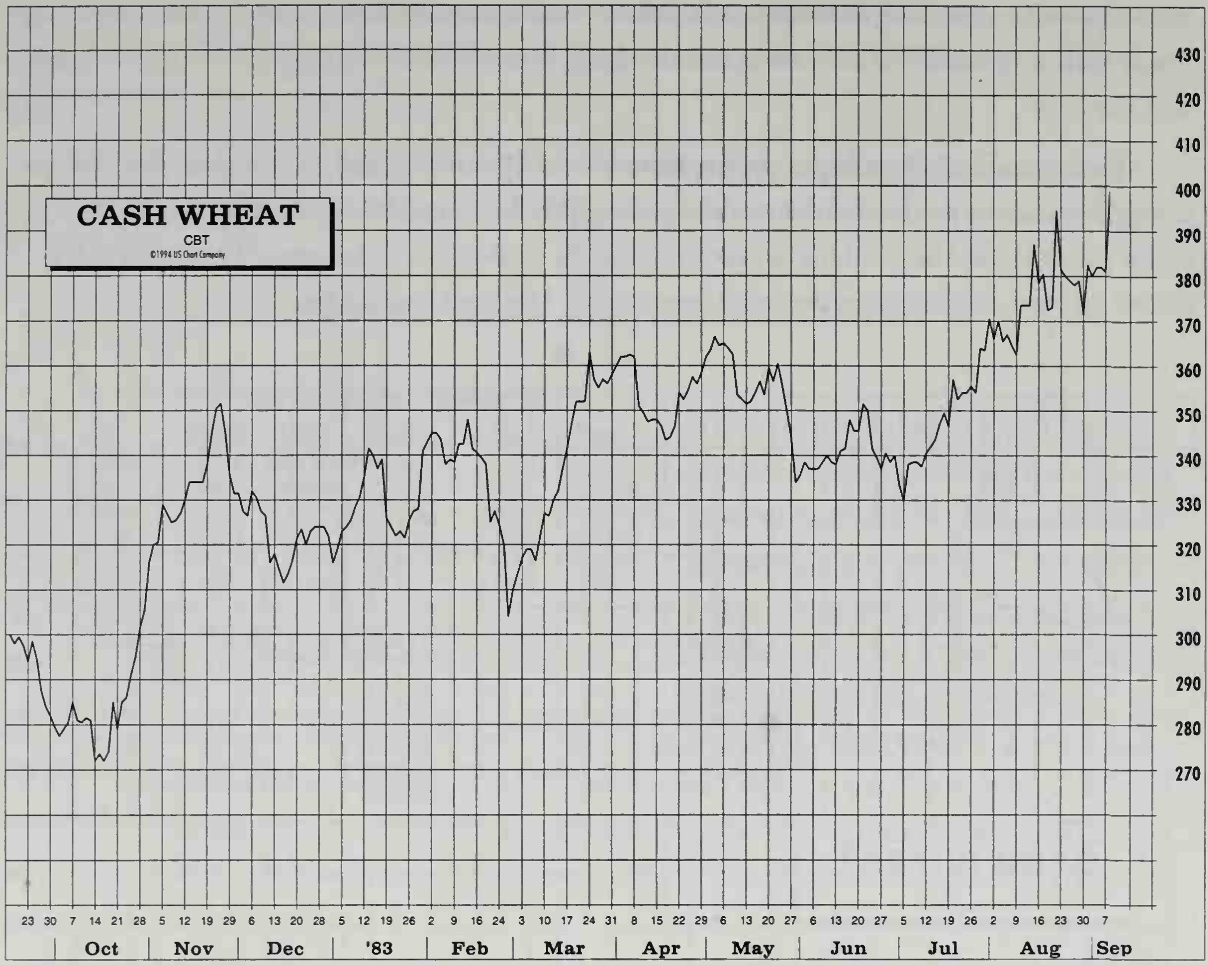


We keep watching the price of wheat, sensing a special profit opportunity due to the drought the country's in. Something must be wrong, though — wheat prices are going down! Shouldn't they be headed higher? Oh, but there's a lot of wheat all over the country in storage — maybe the supplies of available wheat

haven't been significantly depleted yet. Let's keep watching. … Those reserves can't last forever and sooner or later someone's going to realize there's going to be a tremendous shortage of wheat when this year's small crop harvest won't replace what's currently being used. I could be wrong, but it makes sense. It's not costing me anything to watch and wait, so I'll keep watching and waiting!

Cash buyers of wheat began paying more between June 24th and July 1st, but then the cash price dropped 10¢ per bushel the week beginning July 1st — maybe my thinking was all wrong — wheat prices should be climbing as reserves dwindle … But look! That same week, cash prices turned upward. Maybe this is the profit opportunity I've been looking for.



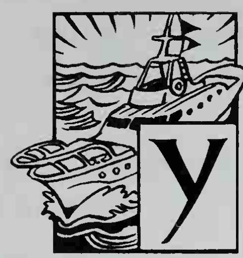


But now look! Prices shoot straight up from July 8th! My thinking about this drought may have been correct after all ...

Price moves like this are what fortunes are made of, but what can *I* do about the rising price of wheat?

CHAPTER TEN

THE WORLD'S ONE PERFECT BUSINESS

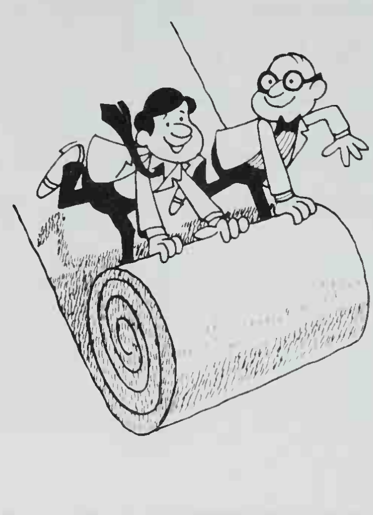


You can invest in America the same way the fortune-builders — the "big boys" — do.

You can decide to open YE LITTLE OLDE WHEAT COMPANY by purchasing a minimum of 5,000 bushels of wheat at whatever the current price is. On July 15th, that would have been about $3.48/bu. Five-thousand bushels at $3.48/bu equals $17,400. You feel the price of wheat is going higher still because of this year's record-breaking weather, so you see tremendous profit potential in stocking up on some wheat now, holding onto it until prices rise further, and then selling your wheat at a profit later on. Isn't this what you do at the grocery store? Remember when sugar prices jumped to $5/pound? Many shoppers stocked up as soon as they heard about the coming sugar shortage. It's just basic economics — supply and demand. Nothing fancy or sophisticated. Nothing that requires special education, insight, or computers. It's simply the law of supply and demand, nothing more and nothing less.

It's one thing, however, to buy a few one-pound bags of sugar at the local grocery store and quite another to buy 5,000 bushels of wheat for $17,400! It's also one thing to save a few dollars on a few pounds of sugar and another world entirely to actually go into the wheat business and stand to make a literal *fortune* . . .

Suppose you even felt secure enough to put out over $17,000 for 5,000 bushels of wheat; where would you store them all?! That's where the beauty of THE WORLD'S ONE PERFECT BUSINESS comes in.



At the nation's "giant shopping centers" you can buy wheat FOR FUTURE DELIVERY, just like Wonder Bread does! That is, you can claim 5,000 bushels today (July 15th, for example), but you don't have to take delivery until the month your contract

specifies! Great! I can buy my wheat on July 15th, but I don't have to see it, touch it, or store it until September! And more good news: You only have to put a *deposit* on your 5,000 bushels of wheat to be delivered in September, with the balance due in September! Deposits (called margins) vary occasionally, and on July 15th you could control 5,000 bushels of wheat, September delivery, for only about $1,000. That's all!

Do you recognize the POWER and PROFIT POTENTIAL here? Those of you who are already in business are shaking your heads and muttering, "No, no, it's too good to be true ... " For those of you who haven't yet owned your own business (retailing, real estate, etc., etc.), let me illustrate:

LEVERAGE AND COMPOUNDING

There are no more powerful principles than leverage and compounding. Suppose you took immediate delivery of 5,000 bushels of wheat at $3.48/bu (and paid to have it transported and stored somewhere):

Price/BU:	Current Value:	% Gain on $17,400:
$3.48	$17,400	0.00%
$3.49	$17,450 ($50 Gain)	0.29%
$3.50	$17,500 ($100 Gain)	0.57%
$3.51	$17,550 ($150 Gain)	0.86%
$3.52	$17,600 ($200 Gain)	1.15%
$3.53	$17,650 ($250 Gain)	1.44%

If wheat prices rise 5¢/bu, to $3.53, your 5,000 bushels are now worth $17,650. You paid $17,400, so that's $250 profit, or 1.44% on your initial investment (not including storage and transportation costs). If this 5¢ advance in price occurred in one month, your annual yield would be 16.8%. Not bad to preserve your capital and fight inflation, but certainly not enough to even begin accumulating a fortune!

You now know, however, that you can merely invest a DEPOSIT on this wheat and it includes storage and transportation costs:

5,000 BU of WHEAT

Price/BU:	Current Value:	% Gain on $1,000:
$3.48	$17,400	0.00%
$3.49	$17,450 ($50 Gain)	5.00%
$3.50	$17,500 ($100 Gain)	10.00%
$3.51	$17,550 ($150 Gain)	15.00%
$3.52	$17,600 ($200 Gain)	20.00%
$3.53	$17,650 ($250 Gain)	25.00%

That's how fortunes are made! A 25% gain on your investment in one month equals 300% annually!

The "Rule of 72" reflects the miracle of compound interest: Divide the constant, 72, by the annual interest any single amount of money is earning and the result equals the number of years required for that single amount, left alone, to double.

Any single deposit of money earning five-percent annually doubles, through the miracle of compounding (interest earning interest), exactly every 14.4 years (72 divided by 5 = 14.4). Let's round that off to every 15 years. If you deposited, say, $1,000 in year one and left it alone to compound at 5% annually, you'd have $2,000 in year fifteen. A single lump sum earning 7.5% annually doubles approximately every 10 years (72 divided by 7.5 = 9.6). $1,000 deposited at 7.5% annually in year one grows by itself to $2,000 in year ten and to about $3,000 in year 15.

A single deposit compounding at 15% annually doubles approximately every 5 years (72 divided by 15 = 4.8 years). $1,000 doubles to $2,000 by year 5, that doubles again to $4,000 by year ten, and that doubles by year fifteen yielding $8,000.

YEAR	5%	7.5%	15%
1	$1,000	$1,000	$1,000
2			
3			
4			
5			$2,000
6			
7			
8			
9			
10		$2,000	$4,000
11			
12			
13			
14			
15	$2,000	$3,000	$8,000

Now, let's analyze our wheat business yielding 300%/year:

COMPOUND INTEREST	
1 =	$ 1,000
2 =	4,000
3 =	16,000
4 =	64,000
5 =	256,000
6 =	1,024,000
7 =	4,096,000
8 =	16,384,000
9 =	65,536,000
10 =	262,140,000
11 =	1,048,600,000
12 =	4,194,300,000
13 =	16,777,000,000
14 =	67,109,000,000
15 =	268,440,000,000

I compounded these figures annually rather than quarterly because quarterly compounding figures wouldn't fit in my calculator. The point is, it's a lot of money!

Only $1,000, through the miracle of compounding interest, grows to over $268 billion (with a "B")! That's how fortunes are built!

Those of you shaking your heads and muttering, "Just too good to be true ... why isn't everyone doing it?" may also be thinking, "Yes, that's great, but what if the price of wheat dropped? I could just as easily have lost $268 billion!"

Now, although you *could* earn 300% per year in your "little" wheat business year in and year out, for fifteen years, it's not very likely you will. The point is, there is no other business — none — that opens the door to such power, compounding, leverage, and true fortunes that this business does. And you haven't yet seen the best of it! For example:

...Contracts for future delivery on many, many of America's, and the world's, basic, necessary commodities can be bought and sold with surprisingly little capital.

...Because of the absolute vastness of these "supermarkets," you enjoy virtual total liquidity: You can buy and sell your contracts literally in seconds and minutes. Just try to get your cash out of an automobile, bond, or real estate in seconds and minutes!

...The deposit required to enter these contracts is credited back to you when you cash out!

...You can almost always place a definite, predetermined limit on your risk in contracts at the time you purchase or sell them.

...Your business(es) is in your hands at all times, which is the best place for it! You will never amass a fortune with someone else managing your funds.

...None of the many overwhelming problems affecting all other businesses defeat you and your business!

...As long as people live, breathe, and consume goods, your opportunities for huge profits will abound.

...Political, social, environmental, and economic events and fluctuations only create more opportunities for you to profit from!

...As your contracts grow in value, they generate internal financing which can be used to accumulate additional contracts and on, and on, and on ...

...You can enter and exit your business on a moment's notice, or not at all! And if not, you can create and run an empire on paper! NO OTHER BUSINESS allows one to "practice profiting" and not invest one cent. Just try to run any business you have in mind on paper ... It can't be done! You can merely guess at and approximate what may or may not be reality! In this business, you can see, plan, practice, and benefit from real-life events, not guesstimates!

"But this is risky," someone says. Good. Let's talk about uncertainties ...

Even though you may enjoy your work (which, according to national statistics, is not likely!), are you attached to and dependent upon your job — your one job? *That's risky!* Just ask any one of the nation's unemployed, disabled, or pensioners! "My spouse works, too," you say? Your spouse *has* to work to keep up with the electricity and phone bills because living on your one job has *already* proved to be too risky!!! Don't you see the writing on the wall?

"Well, I own not only my own home, but several rental properties, too." Wonderful! You've already seen the benefit and necessity in owning your own business. First of all, don't consider your home an appreciating asset. Your home is not an investment — it's your home! Never think that you can rely upon your home as an additional source of income! There are over 400 homeowners each and every day in Southern California alone who are entering foreclosure. Any one of them will tell you how risky that thought can be! But for your other rentals, those can prove to be a great business. But how many hours would you say you spend with your rentals? Do you have confidence in your tenants? I'm sure they're taking care of your property the way you would if you lived there. What if your rental(s) was vacant a month or two, or three? Those payments to the bank go on ... Are you one of the poor souls who went into the real estate business when loans were commanding 17 and 18%? You were banking on the value of your rental(s) to rise, weren't you? You were risking your money hoping rents would rise! Now you've found out just how risky that thinking was! And today, if you haven't already taken a tremendous loss, you're wondering if it's worth it — should you try to sell (if you can — the real estate market isn't very liquid right now!), or refinance at today's rates and pay all those costs on a new loan?! Either choice you make could be very risky.

Maybe you missed the big real estate boom of a few years ago, when all the fortunes were being made. You think real estate is too risky now, so you've decided to lay low until real estate makes a comeback, which it will — someday. So, you got into one or more of the multi-level

marketing plans? Maybe you've done well, but how much time and money have you plowed into your home business? How many pep rallies have you gone to? How many friends have you lost and written off on account of it? You know, good friends are hard to come by ... maybe you've learned it's just too risky to mix business and friendship. Oh, but you got into that super-duper, super-popular, super-profitable diet multi-level plan? You're even making a nice income from it? Great! I hope you saved that money, because just last week that company, along with several others, filed Chapter 11 in the bankruptcy courts. It seems the press gave that company a lot of bad publicity and has virtually put it out of business. "Gee, it seems everything's risky! I'm glad I just put a little bit away in the bank every payday!" Yes, that's admirable, but *it's risky, too!* Banking your money may help preserve it a while longer, but huge sums of money are necessary — required — to amass a fortune in a bank, S&L, money fund, etc. In fact, it takes a fortune to make a fortune on any interest-bearing account!

DON'T YOU FALL FOR THIS–IT'S A TRAP!!!

DAILY NEWS, Biz Sec., January 1, 1984

Credit lines tied to home equity

WASHINGTON - If your mailbox has been filled this year with offers to cash in big by borrowing on your home equity, you haven't seen anything yet.

A new national study done for the banking industry says home-equity credit lines will become the number-one method of consumer financing for Americans within a few years.

Not only will you finance part of your children's college educations by tapping into your "equity-access" revolving account, you'll stop by automated-teller machines - located in department

Ken Harney
The nation's housing

stores and supermarkets - and dip into your real estate electronically for some quick spending money with a flick of a card.

You'll charge your meals at restaurants with credit cards tied into your home. You'll finance your vacations, Christmas presents and major investments the same way.

One of seven American homeowning households with incomes of $15,000 or more already has a second mortgage of some form on their property, according to the study. That number is growing rapidly - particularly with the entry of sophisticated money-market giants like Sears, Dean Witter, Shearson-American Express, Merrill Lynch and Citibank into the equity-access field.

Add that to the hundreds of local and regional banks and savings and loans who jump into revolving-equity access programs in the near future, and you can see why your mailbox is going to be even more stuffed with enticing offers as the months go on.

The new 95 page study, prepared by the Atlanta-based Synergistics Research Corp., offers the first national overview of who's taking out equity loans, and who's making them.

Here's a profile of the prime target groups for equity-access plans, based on Synergistics interviews with a sample of borrowers and non-borrowers. The best bets for equity loans appear to be:

- "Full nesters" - families headed by parents in the 35 to 49-year-old age bracket, with kids at home. They have heavy financing burdens and their real-estate equity is often substantial and untouched. The youngest of them represent just the leading edge of the postwar "baby-boom" generation.
- "Emerging affluents" - families with growing incomes and financial appetites. One-third of all borrowers had annual family income in excess of $40,000.
- Well-educated homeowners. Fifty percent of second-mortage borrowers have at least college degrees.
- Commercial credit-card and bank-credit holders-and the more frequent the use, the better. Equity-loan borrowers are likely to hold American Express, VISA, or similar cards, and they use their bank cards more than twice as often as non-borrowers.
- Consumers who have discarded - or simply never had - the traditional social prejudice against second-mortgage borrowing secured by a principal residence. Equity-loan borrowers see nothing wrong or highly risky in using their home as security for short- and medium-term credit.

The potential for further growth in real-estate based consumer lending is vast, according to the study. That's because Americans have an estimated $3.1 trillion of net equity available in their homes, and because borrowers tend to pay back loans of this type as faithfully- or even-more faithfully- than repay their first mortgages.

Profit opportunities for lenders on revolving equity-credit lines are also propelling the trend. Firms like Merrill Lynch ("Equity Access") and Dean Witter ("Sears Homeowner Resource") charge borrowers rates that float two percentage points over the prevailing prime bank rate. They take up-front fees of 2 percent to 2.5 percent of the credit line.

Kenneth R. Harney is editor and publisher of the Harney Real Estate Report, an industry newsletter, and is based in Washington, D.C.

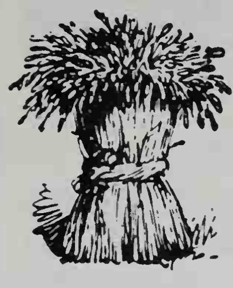
No, if you don't want to end up with the 90%+ who "retire" on $800 a month, you'll have to get into your own business. The only alternative would be to win a sweepstakes or inherit a fortune.

Ideally, you'll get into a business that offers you the most pluses and least minuses. Without exception, that's the business you're learning in this Manual.

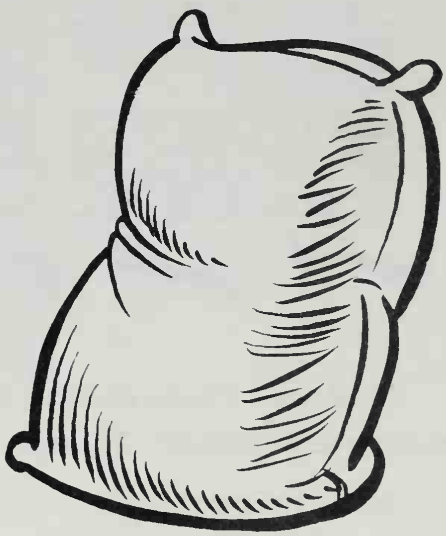
This business provides all you could ask for: Countless opportunities; self-development; personal pride and satisfaction; unlimited room for growth, both personal and professional; the chance to begin and expand at your own pace; to work as little or as much time as you see fit; to

contribute to society and claim your slice of the American pie. With this business, you can turn the American dream into a reality. I can't say enough about this business; it's provided me with all, and more, than I ever dreamed of...

So, let's say that on July 15th, you decided to open your own wheat business, feeling that $1,000 is certainly a reasonable and prudent amount to "risk" on fortune-building, for no fortune has ever been amassed without at least some risk (and usually much, much more risk than this wheat business requires). You buy one contract for September delivery of wheat. Referring to your graphs of wheat prices on July 15th, you see that the cash price was approximately $3.48 per bushel. You're not buying with cash, however; you want to merely make a $1,000 deposit on 5,000 bushels of wheat for September delivery. Referring to the *future* graph, you see that on July 15th the futures price fluctuated between approximately $3.50 and $3.54 per bushel. The futures price closed that day at just less than $3.54/bu. The futures price, you recall, is usually greater than the cash price due to storage, insurance, etc. Taking an average, let's assume you purchased your contract at $3.52 and are willing to risk your $1,000 deposit. Your $1,000 now controls 5,000 bushels of wheat at $3.52/bu. That's $17,600 worth of wheat. Your investment, therefore, is highly leveraged — a fundamental requirement in fortune-building. Every cent the price of wheat fluctuates means $50 is added to, or subtracted from, your $1,000 deposit.



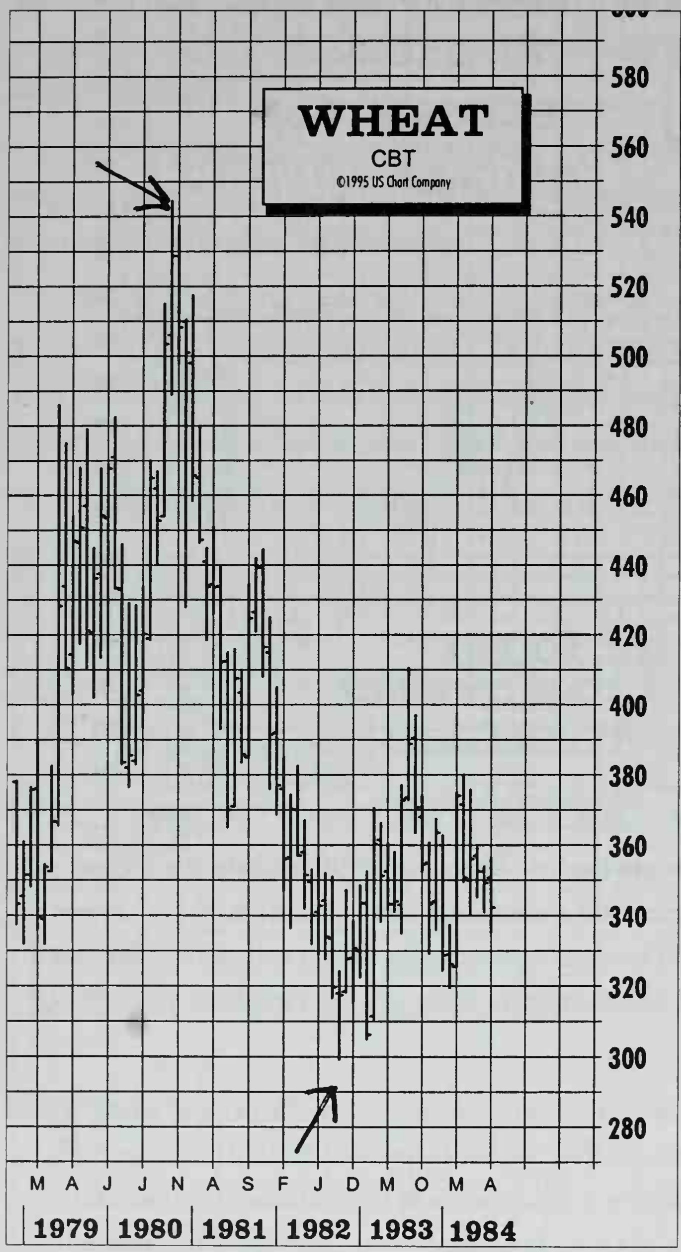
Therefore, if the price of wheat dropped as much as 20¢, your $1,000 deposit would be "used up." If the price of wheat climbs 20¢, your $1,000 deposit has grown to $2,000. NO PRICE GOES STRAIGHT UP OR STRAIGHT DOWN — IT FLUCTUATES, so you decide to give instructions when buying your contract that if the price of September-delivery wheat drops to $3.32/bu, you want out of the wheat business!

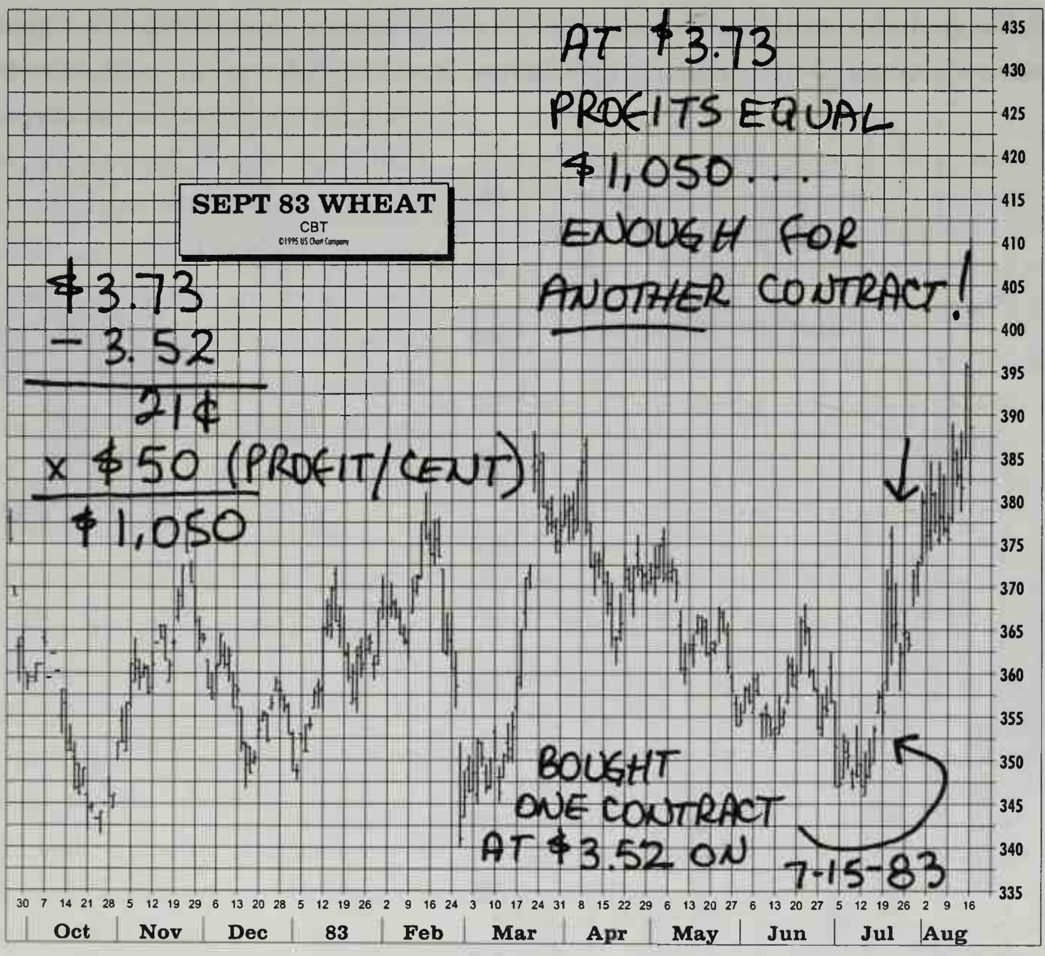


Looking back at the futures price graph for September delivery, you see that the price of wheat hasn't been below $3.40/bu for over a year; in fact, looking at a 1979-1983 futures price graph (where wheat prices have been condensed into weekly [instead of daily] price fluctuations), you see that the lowest wheat price was just under $3.00/bu in October 1982, while the highest price since 1979 was over $5.40/bu in October 1980!

You check your TV or newspaper every day and see that the price of wheat is fluctuating (as

always), but gradually headed higher. On July 29th, prices closed at about $3.73. Now you're presented with another fortune-building opportunity: Your $1,000 has grown to $2,000 which, assuming the deposit on wheat contracts hasn't been raised (they weren't), would allow you to internally finance another contract. Without borrowing, without reaching into your own pocket, without having to qualify, you can instruct that your profits be used to add another 5,000 bushels of wheat to your "inventory."





Wheat's daily price is quoted in cents per bushel. There are 5,000 bushels in a Wheat Futures contract, therefore each one-cent move on a wheat contract equals $50.00 (1 cent per bushel times 5,000 bushels = $50.00). This is wheat's point value. When you call a broker for a Starter Kit, he or she will usually include a current margin sheet (see the sample on page 261 of this Manual).

Should you decide to add another contract, each one-cent move in the price of wheat would add or subtract $100 to, or from, your business. You originally invested $1,000 and now each one-cent price move gives or takes 10%!! You're at the controls of the world's most powerful monetary force: COMPOUNDING! You don't *have to* multiply your business at this point; it's simply another profit opportunity available to you. You run your own business the way you see fit. You could even take your 100% profit (2,500%, annualized!) and close the doors of your wheat business if you like.

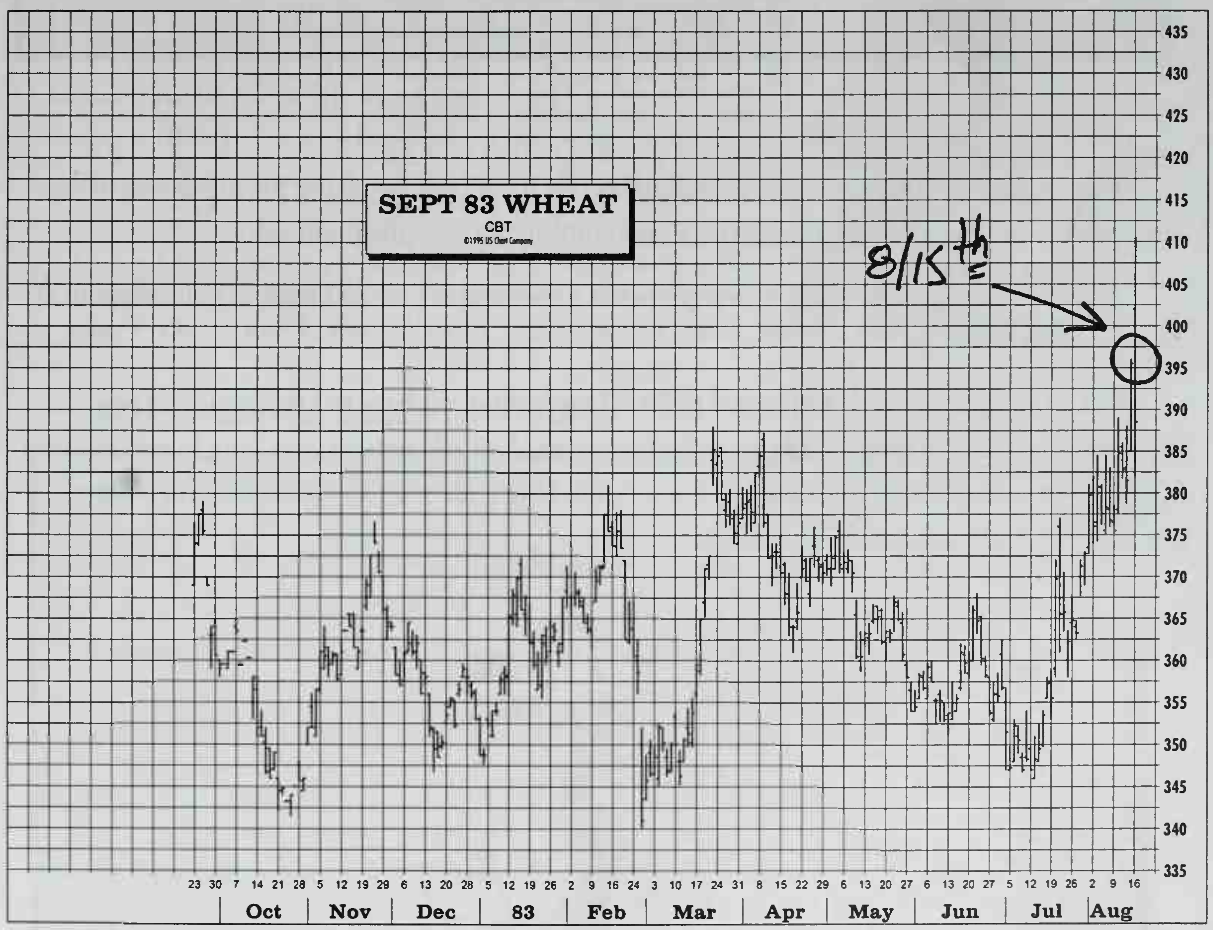
Suppose you plow your profits back into your business: Now, on July 29th, you have two contracts of September wheat, the first at $3.52/bu and the second at $3.73/bu. Wheat prices

continue to climb. Every one-cent move up or down equals a $100 profit or loss to you. At this point, you may want to give new instructions that, should wheat prices decline to, say, $3.52 again, you want your two wheat contracts sold. If that happens, you would break even on your original contract and lose $1,050 on the second contract, which was the capital you risked to enter this business.

Wheat prices continue to climb upward, your two contracts are generating profits, and on August 15th wheat prices shoot past and close over $3.92/bu. This is your next opportunity to expand, in fact double, your business.

Every one-cent increase has generated $100 for your business. The increase from $3.73 to $3.92 = 19¢. 19¢ multiplied by $100 = $1,900, or just about enough to add two more contracts to your wheat business, totaling four contracts in all. But that's entirely up to you; you make the decisions. It's *your* business, *your* capital, and *your* decision.

Suppose you add two more contracts on August 15th at $3.92:



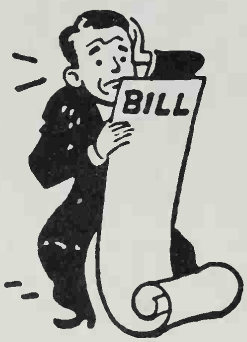
You may also decide to give instructions that, should wheat prices drop below $3.72/bu, for example, you want all your contracts (4) sold. Here's how that would look:

7-15-83	**Bought**	**1 Contract @ $3.52**	**$1,000 Invested** (out of pocket)	**@ $3.72 = $1,000 Profit**
7-29-83	**Bought**	**1 Contract @ $3.73**	**$0 Invested**	**@ $3.72 = $50 Loss**
8-15-83	**Bought**	**2 Contracts @ $3.92**	**$100 Invested** (out of pocket)	**@ $3.72 = $2,000 Loss**
			$1,100 Invested (out of pocket)	**$1,050 (Net Loss)**

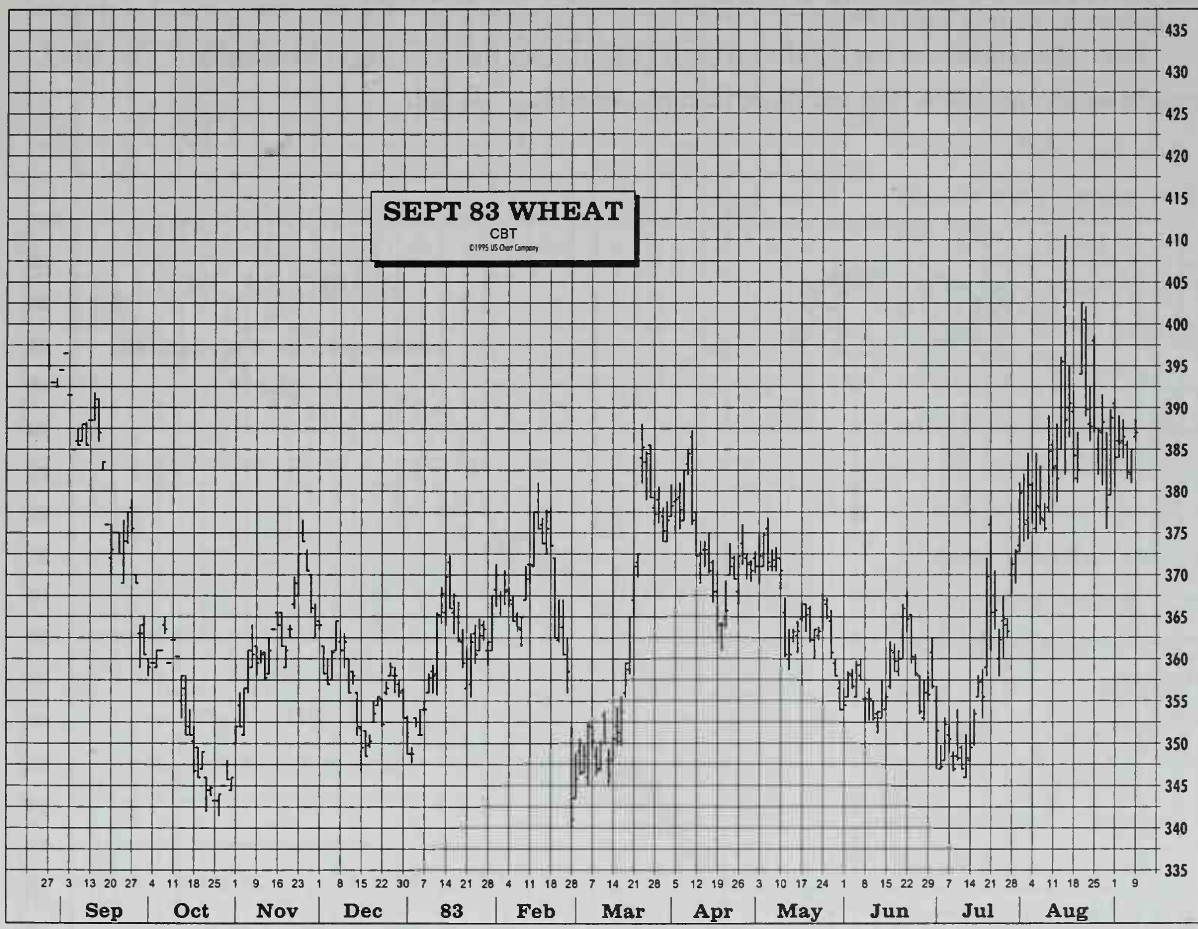
Remember: Profit and loss are calculated on each contract by taking the difference of your entry price from the current contract price and multiplying it by the point value.

Also, remember: Your margin deposit is not a cost and is credited back to your account at the end of the trade.

But wheat prices haven't dropped to $3.72 *and* you don't have to keep doubling your business as it builds equity. Leverage works both ways. Just ask anyone who bought real estate at 5-10% down on a 15-18% mortgage, and who's working a second job to make up the difference between rent received and the monthly payment due!



No, wheat prices haven't dropped to $3.72. Here's the September 9, 1983 update:

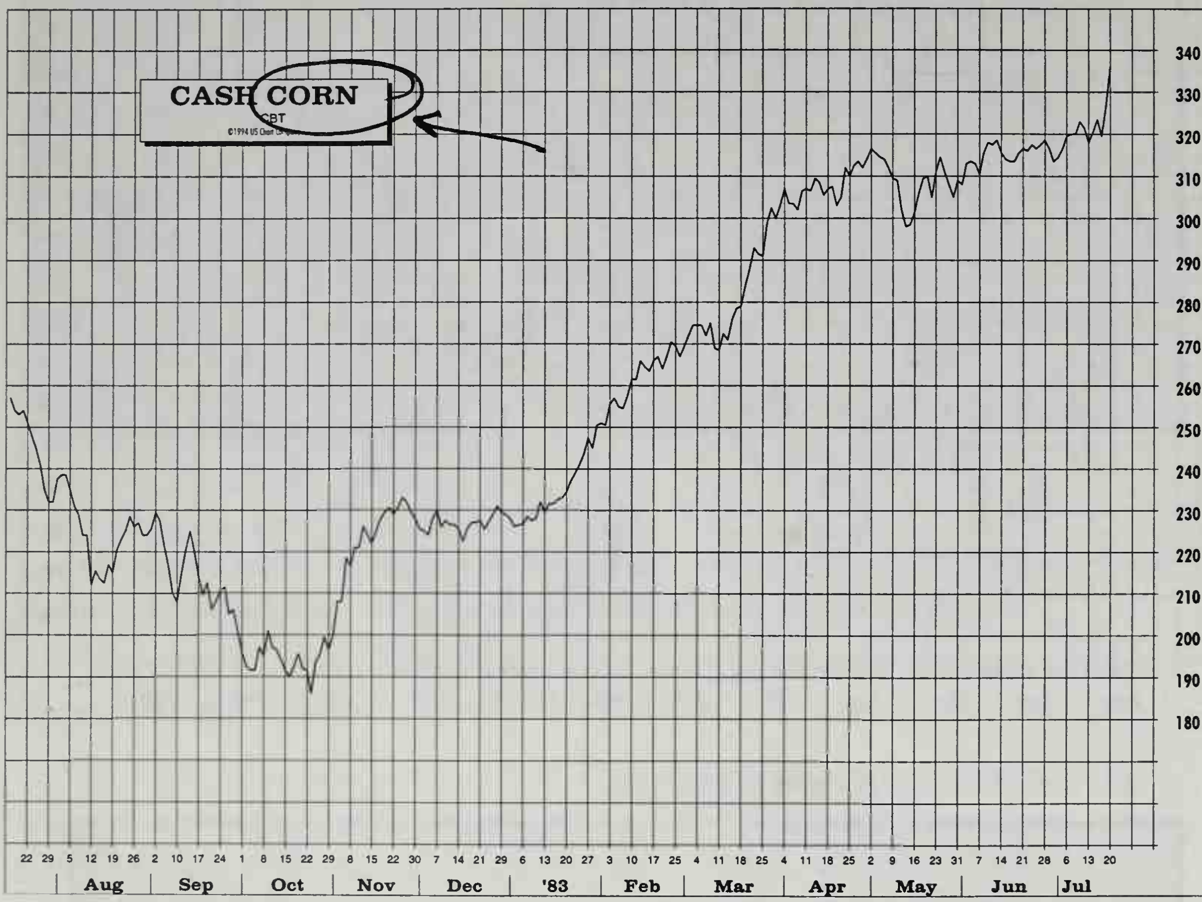


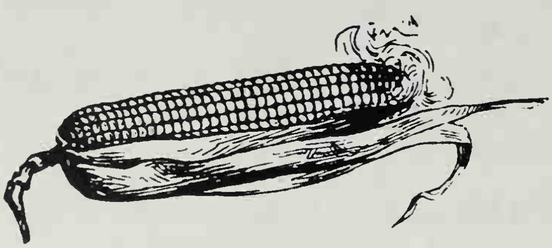
And here's how your business looks to date:

7-15-83	Bought	1 Contract @ $3.52	$1,000 Invested (out of pocket)	@ $3.87 = $1,750 Profit
7-29-83	Bought	1 Contract @ $3.73	$0 Invested	@ $3.87 = $700 Profit
8-15-83	Bought	2 Contracts @ $3.92	$100 Invested (out of pocket)	@ $3.87 = $500 Loss
9-9-83		4 Contracts	$1,100 Invested (out of pocket)	@ $3.87 = $1,950 Profit

$1,950 profit on $1,100 invested equals 177% in eight weeks, or over 1,000% annualized! How do you feel *now* about a money fund yielding 15% or even 20%?!

Your wheat business has produced such opportunity that you begin to wonder: "The 1983 drought surely must have affected more than just wheat ... " It did!





Looking at corn prices on July 15th, we find a very curious situation (refer to graph, preceding page):

On July 15th, cash corn buyers were paying over \$3.20/bu, but on the same day, you could have controlled 5,000 bushels of corn for delivery in December for between \$2.90 and \$2.98/bu! That's between 22 and 30¢ less than the cash buyers were paying! Something's going on here ... If someone is actually paying \$3.20 cash for an item I can buy for only \$2.90 to \$2.98, I sense a profit opportunity here!

Just like wheat, corn is traded in bushels of 5,000, so every one-cent move in price equals \$50 also (5,000 divided by 100 cents). A contract deposit on corn on July 15th was approximately \$600. That \$600 controlled 5,000 bushels of corn worth about \$3/bu; therefore, your \$600 controlled \$15,000! How would you like to invest \$4,000 to control a \$100,000 house AND HAVE NO MONTHLY PAYMENTS? And if you wanted to sell it, you could simply pick up the phone and say, "Sell my house, please"! It would be sold in a matter of minutes and any accumulated equity from appreciation would be sent to you THAT VERY SAME DAY!

If you bought a December corn contract on July 15th at \$2.95, by September 1st it was worth nearly \$3.70. That's a 75¢ gain at \$50/cent for a \$3,750 profit on \$600. That's 625% on your investment in 48 days, or 4,753% annualized! Some major bank is advertising that it "does

more for your money." More? It can't even approach those last two digits! Do you want to amass a fortune? A little capital, a little time, a little study, and keeping your eyes open can put you in the world's one perfect business. You don't need to hock your house, or risk your life savings. You don't need to quit your job, get a degree, pass a test, or neglect your family! If you put less than half an hour a day into learning this business, and run several businesses on paper before you dip into your wallet, you can surely earn more money than you ever dreamed of. Thousands of people all over the world are quietly making fortunes. You don't hear about them. They're never on the Tonight Show. And only a few that I know of give seminars.

What else do droughts affect? How about soybeans? Let's see ...

Between July 15th and September 9th, soybeans (September delivery) jumped in price from approximately $6.50 to nearly $9.50/bu. At 5,000-bushel-contracts, that's $50/one-cent move in price. The deposit/contract was approximately $1,800. That three-dollar price increase in soybeans represented $15,000 profit per contract on an $1,800 deposit. That's 833% in 56 days,

or over 5,000% annualized! *Whoever heard of 5,000%?!*

If you utilized the internal financing opportunities soybeans presented, this could have happened:

With an $1,800 contract deposit, each 36¢ of upward price movement would allow a contract to duplicate itself ($1,800 divided by $50/cent):

		Value @ $9.50
1 Contract @ $6.50	**$1,800 Invested** (out of pocket)	**= $15,000**
1 Contract @ $6.86	**$0 Invested**	**= $13,200**
2 Contract @ $7.22	**$0 Invested**	**= $22,800**
4 Contract @ $7.58	**$0 Invested**	**= $38,400**
8 Contract @ $7.94	**$0 Invested**	**= $62,400**
16 Contract @ $8.30	**$0 Invested**	**= $96,000**
32 Contract @ $8.66	**$0 Invested**	**= $134,400**
64 Contract @ $9.02	**$0 Invested**	**= $153,600**
128 Contract @ $9.38	**$0 Invested**	**= $76,800**
256 Contracts	**$1,800 Invested**	**$612,600 Profit**

Too good to be true? Do you think anyone accomplished this? YOU CAN BE ASSURED THEY DID! HUNDREDS, PERHAPS THOUSANDS, OF AVERAGE PEOPLE DID. THEY EARNED HUNDREDS OF THOUSANDS OF DOLLARS IN 56 DAYS, USING ONLY $1,800 SAFELY AND PRUDENTLY!

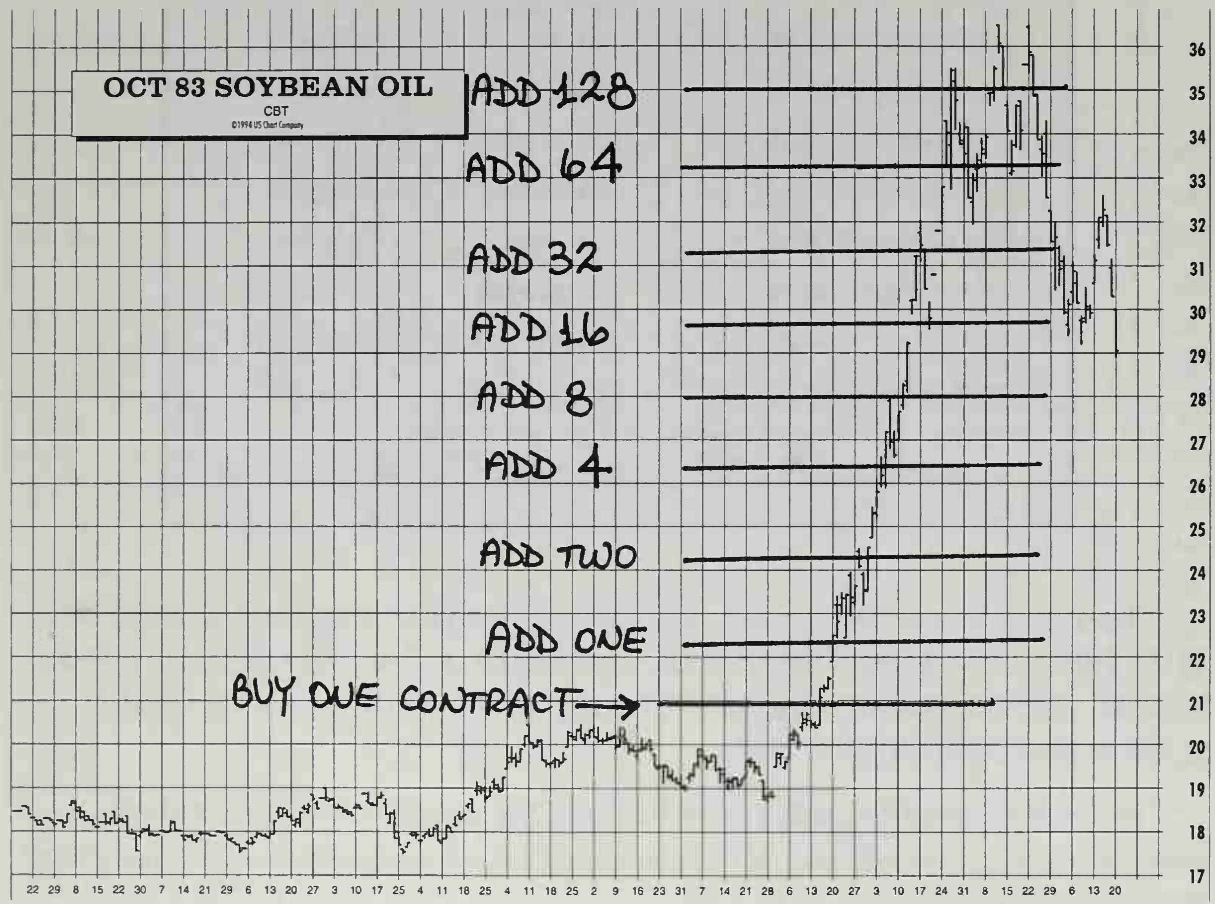
But what if you had done only *one-tenth* as well? *That's $61,000.* Do you think that with some practice, a little thought, and some experimentation, you could possibly accomplish 1/10th? You certainly can.

Do you see the principle here? Do you see why this is titled THE WORLD'S MOST POWERFUL MONEY MANUAL?

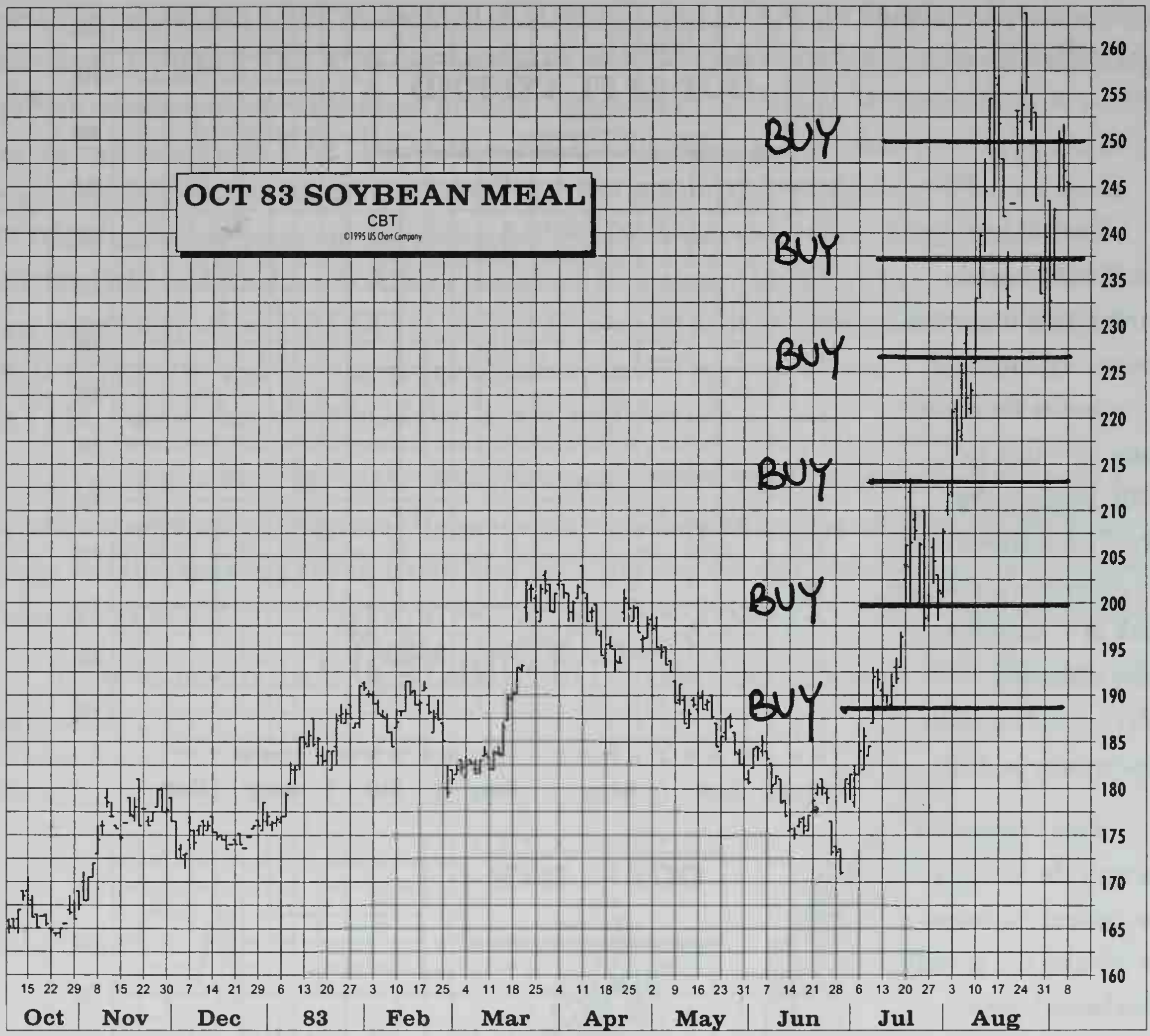
The very same movement, leverage, and time that turned $1,800 for one contract of soybeans into $15,000 carried the POTENTIAL (the stored energy) to generate over HALF A MILLION DOLLARS from that same $1,800!!! Nothing changed — only your use of the principle. The ocean will support a rubber raft the same way it will support the world's largest battleship — the ocean doesn't care, it *can't* care one way or the other! It's up to you entirely. The

very same $1,800, 56 days, and planning that resulted in $15,000 could have produced over half a million dollars! *The potential is always present*; how you choose to use it is the only variable.

You may be thinking, "Gee, I wish I knew about this before … we may not have another drought for a long time." Drought, no drought, inflation, recession, depression, prices up, prices moving down, IT DOESN'T MATTER! OPPORTUNITIES LIKE THIS OCCUR AT LEAST SEVERAL TIMES EACH AND EVERY YEAR! You only have to know what to look for, and what to do when you see it!



From July 15th to September 9th, soybean oil (one of the main reasons soybeans are grown) prices went from about 21¢/pound to about 35¢/pound. The deposit on one contract (60,000 pounds) was $1,000. Each one-cent move in price means $600 profit or loss. One contract, therefore, generated $8,400 in profit in eight weeks, or 840%. How could you have used internal financing and what profits would that have generated?



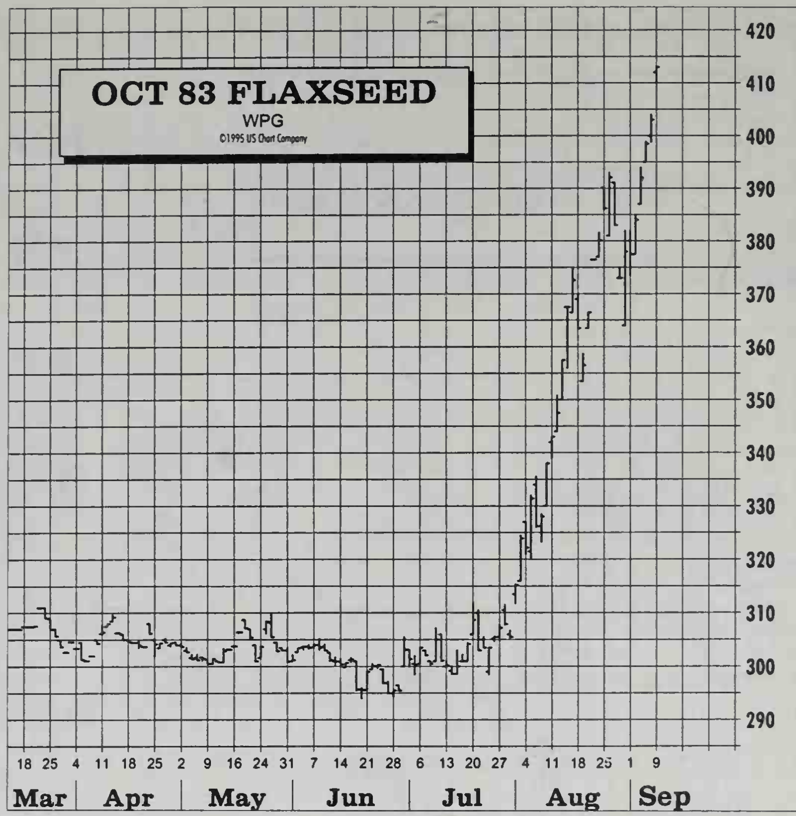
If soybeans were affected tremendously by the drought, wouldn't soybean meal, a by-product, rise in price too?

Between July 15th and September 9th, soybean meal rose from $190 a ton to $250/ton. One contract of soybean meal controls 100 tons and costs $1,200. Every one-dollar price move equals $100 profit or loss. This $60 price move returned $6,000 per contract, or 500% in only eight weeks!

With a contract deposit at $1,200, every $12 price increase would have allowed you to internally finance more contracts. How many would you have held, and what would your profit picture have been, on September 9th?

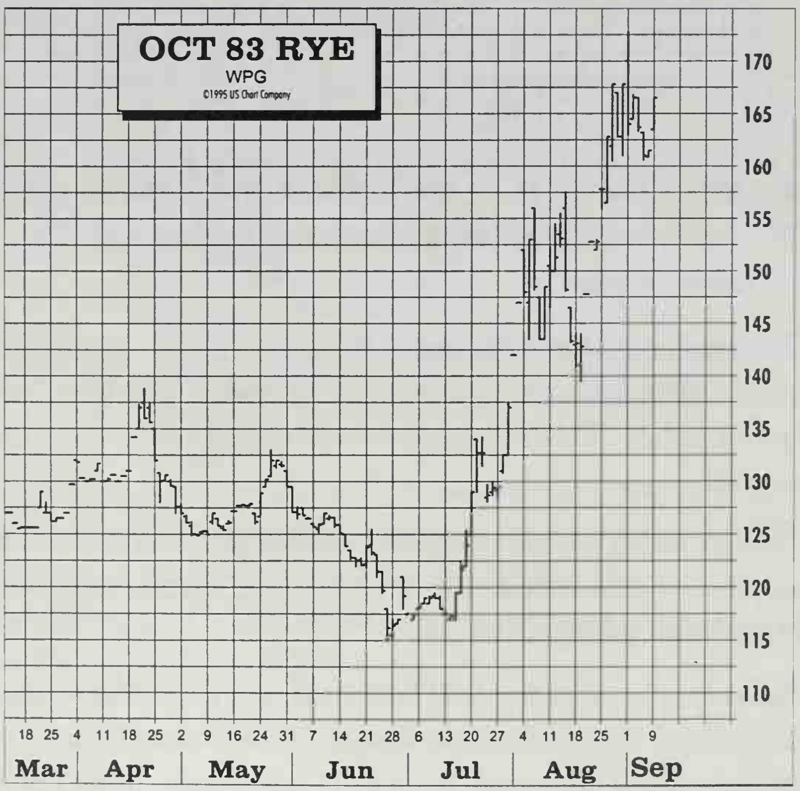
Never even heard of flaxseed? You didn't have to in order to run a successful business in flaxseed in 1983! We get thread and linseed oil from flaxseed, but what really interests me is that I could have turned this simple price move into a major profit opportunity yielding

hundreds of percent in eight short weeks!



* * * *

Well, at least you would have heard about rye, which was a sensational business opportunity for many, many investors in 1983! Replace the "Rye" label above with any other name you can think of — would it really make any difference? Not to an opportunity seeker …



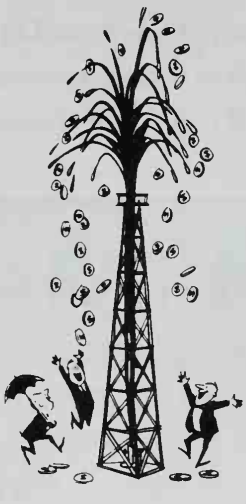
This business is not only the world's one perfect business, but it's also the world's most basic business. This business deals in necessities — the things people must have in order to live. Your business will never run out of "customers," unless the world runs out of people!

Think about your day today: When you woke up, were you in a house, condominium, apartment, hotel,

motel, camper, or even a tent? Was it built of LUMBER, PLYWOOD, or FABRIC? Was it electrified? Then COPPER wires ran through its walls. The light switches contain SILVER. Did you look out the window? The frame probably was made of ALUMINUM. Perhaps this structure was warmed inside with HEATING OIL or PROPANE. When you brushed your teeth, did you remember some of them contain GOLD fillings? Did you put on your jewelry? What's it made of? When you got dressed, did you put on COTTON clothes or synthetic fabrics made from CRUDE OIL? Did you have EGGS for breakfast? How about COFFEE? Do you put SUGAR in your coffee? Maybe you had COCOA instead. How about toast or cereal made from GRAIN PRODUCTS? Did you have bacon or a breakfast steak? They're products of HOGS and CATTLE. I always have ORANGE JUICE with breakfast ...

If you rode to work in a bus or automobile, was it fueled with GASOLINE? If you rode a bicycle, did it have RUBBER tires? If you bought something today, you needed CURRENCY. Maybe you checked the STOCK INDEXES when you read the newspaper this morning. Did you glance at INTEREST RATES, too, to see how your CERTIFICATE OF DEPOSIT compares?

These are most of the MAJOR COMMODITIES that deeply affect our lives; there are many more ...



CHAPTER ELEVEN

THE BUSINESS OF LIVING CREATES PROFIT OPPORTUNITIES

A good place to begin with basics is Webster's New World Dictionary. It says a commodity is "any useful thing; anything bought and sold; any article of commerce; basic items or staple products." That covers just about everything in our material world! In fact, isn't everything you do based upon the flow — the buying and selling — of commodities? Supply and demand ... It's been wisely observed that "nothing is more constant than change." Everything is in a constant flux. Supply and demand is change, and change of any kind can be plotted on a graph. You've already seen how price changes are registered in the commodities markets.

Commodity exchanges ("giant supermarkets") have been established throughout the world to provide an arena for the orderly transfer of commodities between buyers and sellers. These exchanges date back to the 15th century in France and England, but the oldest in the United States was opened in 1848. Futures contracts originated in the 1860s. On the next page you'll find a list of the major commodity exchanges in the United States.

WARNING

Contacting any of these organizations will put you on mailing lists and open the door to all the peddlers and sharks in the business. You should be able to get all the information you want by calling a broker and requesting it.

MAJOR U.S. COMMODITY EXCHANGE HOUSES

The Chicago Board of Trade - CBOT, CBT

The Chicago Mercantile Exchange - CME

Commodity Exchange, Inc. - COMEX

Kansas City Board of Trade - KC

Minneapolis Grain Exchange - MNPLS

Midamerica Commodity - MID-AM

The New York Cotton Exchange - NYC

The New York Futures Exchange - NYFE

New York Mercantile Exchange - NYMEX

New York Coffee, Sugar, and Cocoa Exchange - CSC

All exchanges are closely supervised by the governmental Commodities Futures Trading Commission (CFTC). You may contact the CFTC through one of its local offices near you.

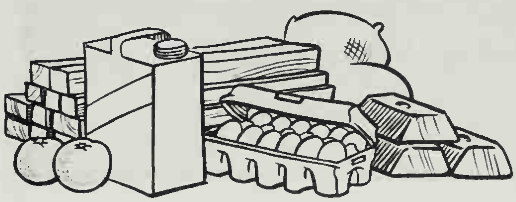
Farmers, dealers, and manufacturers use commodity exchanges for three major reasons:

1) Quick, efficient, low-cost distribution

2) World-wide free-market price statistics

3) Reduction of the ever-present risks of price fluctuation

The exchange does not, itself, buy or sell commodities; rather, its members, called brokers, do business in their own behalf and for non-members who pay a commission on each purchase or

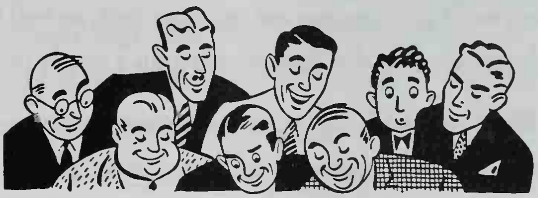


sale. Brokers gather around a ring or in a trading pit on the floor of the exchange to transact their business of buying and selling fixed lots of commodities. Each exchange specializes in certain commodities and it is this open auction that determines commodity prices. In the U.S., the government establishes the rules and regulations and sets standards for the inspection and grading of all commodities.

Part of the exchange floor is devoted solely to commodities for *immediate delivery*, called *cash* sales, but over 90% of the exchange's business is done *in futures.* A futures contract is an agreement between a buyer and a seller where the buyer agrees to pay a specific price for a specific quantity of a commodity that the seller promises to deliver during a definite month in the future. A futures contract can be bought or sold at any time up to the date it becomes due. In fact, over 95% of all futures contracts are bought or sold again before they come due — *delivery is never made.*

A dealer or manufacturer usually must buy a commodity weeks or months before it finally reaches the final customer (the consumer). During this time period, the price could fall, causing a loss of money to the dealer or manufacturer. Through two fundamental processes — speculation and hedging — the commodity exchange is used to help reduce the risk.

Speculators are people who buy or sell futures contracts because they expect to profit by forecasting price changes. Who are these speculators, anyway? Usually, they have no use for commodities themselves. Major surveys show that most commodity traders are just like you and me with a moderate amount of capital to risk on a business of their own. The studies reveal that these traders have no special knowledge of the commodities they're trading and come from all walks of life: farmers, ranchers, retirees, mechanics, doctors, prisoners, clerks, secretaries, attorneys, teachers, salesmen, you name it! No "average profile" exists! These people, who are the major reason commodity futures trading is growing at spectacular rates, setting new records each year, and overshadowing the New York Stock Exchange's growth statistics, are keenly aware of the many major advantages the futures markets offer.

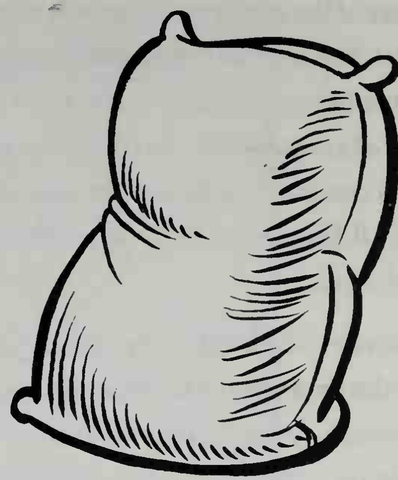


The commodity trader makes it possible for farmers, dealers, and manufacturers to reduce their own risks via *hedging.*

The farmer hedges by going short (selling) a futures contract. Here's how it works. The farmer wants the price of his crop, corn let's say, to go higher — that's how he makes a profit. But what if the price goes down? He'll lose money on his own crop. So to protect himself he *hedges* by selling a futures contract to a speculator (you and me.) That way, if the price of corn goes up, he makes money on his crop, which more than offsets the loss on his futures contract. If the price of corn goes down, he might lose money on his crop, but the money he'll gain on his futures contract will offset the loss, and yield him a profit there.

On the other side, let's look at a man who is a corn dealer. He buys corn from the farmer and

sells it to corn mills. He hopes the price of corn will go down, so that when it comes time to fill his contract with the mill, he can buy the corn for much less than he'll be selling it for. But he's concerned the price of corn will go up. If that happens, he'll have to buy it for a higher price than he's agreed to sell it for, and he'll lose money. To protect himself, he goes long (buys) a futures contract from a trader (you and me.) That way, if the price of corn goes up, he may make less profit, or even lose money on his sale to the mill, but he'll make money on his futures contract.



Where would this farmer and this dealer be, then, if you and I weren't present? You can easily see that commodity exchanges would not — could not — exist without us! But what about us, how do we, as traders make money? In the examples above, if we are long corn, and the price goes up, we'll gain money on our contract, as will the dealer. If we are short corn, and the price goes down, we and the farmer will gain a profit on our futures contracts.

We allow the hedgers, as we've seen, to insure themselves against constant price fluctuations while we apply our knowledge and skill to develop tremendous business opportunities using price changes as the super-vehicle. This is truly the best of a win-win situation.

"Well, if it's so wonderful," you may be thinking, "why have I always heard that commodities are financially treacherous, and even deadly?" Because, like most people, you've been hindered by the great storm of misinformation, non-information, rumors, lies, and myths that constantly whip about. Let's take these one-by-one:

"MOST PEOPLE LOSE THEIR SHIRTS IN COMMODITIES!"

True! The CFTC doesn't (and never has) report official statistics on this, but it's generally accepted that between 75 and 95% of all commodity traders lose money. Wrong! That should be stated: "75-95% of all commodity traders turn their money over to a commodity broker (we must trade through a broker) who proceeds to trade their money away!" Prove this to yourself: Ask someone you know who lost money in commodities exactly what happened … S/he won't be able to tell you, because s/he doesn't even know what happened! You'll hear a response along these lines: "Oh, I don't know. My broker told me pork bellies were the thing to get into. Then, a week later, he had me in the cotton market, then Swiss francs, gold, and oats. It happened so fast I didn't know what was happening!" If you wanted to buy a rental property, would you walk into a

real estate brokerage, ask to see an income property specialist-agent, write out a check for several thousand dollars, hand it over and say, "Here. Here's some money. Go out and find me a good deal in real estate. I'll call you every once in a while and see how we're doing." That's ridiculous! But that's exactly how "investors" lose money in the commodity markets! Why, you can't even go to Las Vegas and do anything that stupid; at least you have to know the basic rules of the game to even sit at a table there! No wonder commodities are labeled "treacherous" and "deadly"!

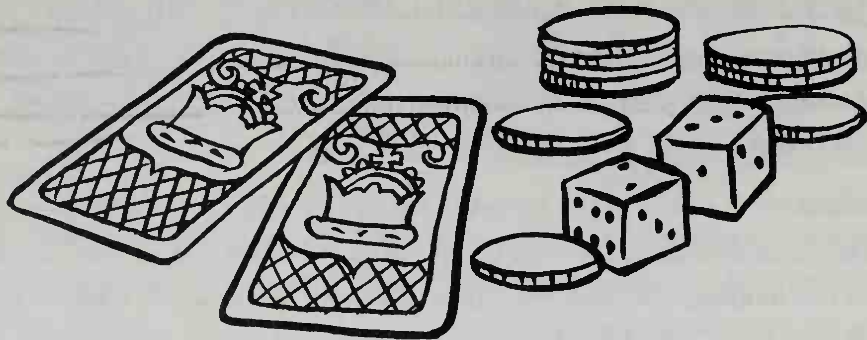
THE WORLD'S MOST POWERFUL MONEY MANUAL will teach you to spot specific, special profit opportunities, but these don't come along every day, week, or even month. You must wait and watch, knowing that these situations do develop, year in and year out, without fail — BUT YOU MUST WAIT AND PLAN FOR THEM.

Brokers are in commodities to make a living — it's their job, the same as it's a Las Vegas dealer's job to deal cards. If you sit at his/her table, you must play or you'll be asked to leave. I approach commodities that same way: Don't sit down before you're ready to play. Most commodity "traders" (gambling fools) open a commodity account with too much money (because the brokerage either recommended or required a certain, high amount — just like a $100-minimum-bet blackjack table in Las Vegas) and the broker says, "OK, you've come to play the market, let's get going!" Before you know it (who's in charge here, anyway?), that broker is buying and selling contracts for you! Immediately (if not sooner!). I want you to become — AND YOU SURELY CAN BECOME — one of those 5-25% who are never heard from, those who are CONSISTENTLY EARNING FORTUNES IN FUTURES TRADING! THE WORLD'S MOST POWERFUL MONEY MANUAL is the very best beginning I know of.

"IT TAKES LOTS AND LOTS OF MONEY
TO MAKE MONEY IN COMMODITIES."

No, absolutely not! Money does not make money in commodities — *contracts* make money.

You'll learn to begin with one contract and let that one contract go to work for you. Deposits on contracts (called "margin") vary from brokerage to brokerage and from time to time. The brokerages I use, which are neither the highest nor lowest priced, currently require margin from lows on some contracts of $400 all the way up to highs on other contracts of $6,000 and $8,000. But even these higher-priced commodity contracts can now be traded in MINI-CONTRACTS for half or even a quarter of the full contract margin. It's not unusual for some brokerages to ask, or require, you to establish an opening margin account of $10,000, $20,000, or more! So you don't give your business to those brokerages; there are plenty more to choose from. I believe you should not open an account with more than $5,000. I've learned that IF YOU CAN'T MAKE MONEY IN COMMODITIES WITH $5,000, YOU CAN'T MAKE IT WITH $20,000, $50,000, OR EVEN $100,000! Remember that, please! I believe, too, that those entering futures trading with lots and lots of money do much worse because their values change. You've seen the "high rollers" blow a small fortune in Las Vegas ... that's the attitude I'm talking about here. If you watch successful investors, you'll see them build a small amount of capital into an impressive sum, remove the large gain, AND START OVER AGAIN. The bottom line, and answer to this question, is what I've taught throughout my career: SELF-INVESTMENT. No one has, *or will ever*, handle your money as well as you will! SELF-INVESTMENT IS THE ONLY WAY TO BUILD YOUR FORTUNE. Business managers may (I say this very cautiously) handle wealth preservation with average reliability, but FORTUNE-BUILDING IS IN YOUR HANDS — WHERE IT SHOULD BE!



"BUT I DON'T KNOW *ANYTHING* ABOUT COMMODITIES, ONLY THE SOPHISTICATED EXPERTS KNOW WHAT THEY'RE DOING!"

Thousands of those in the 5-25% "success circle" are AVERAGE, EVERYDAY, RUN-OF-THE-MILL, "SMALL POTATOES" INVESTORS! Who knows more about fluctuating prices

NO ONE KNOWS WHAT THE MARKET WILL DO!

than the "lowly consumer?" Evidence — hard facts — overwhelmingly defeats the popular myth that "insiders" run the show in commodities; that "only the insiders make money in commodities." If this were true, these fictional "insiders" would know every price move in advance — be able to predict or control the markets — and the commodity exchanges would then be inefficient, illiquid, and useless. That hasn't happened … if anything, the opposite is the case.

As far as sophistication goes, the commodity markets could not be much simpler. Unlike the stock, bond, and financial markets, a new language is not required or necessary to run your own successful commodity business. The vocabulary you've learned, and will be introduced to throughout this Manual, is all you'll ever need to hold your own in any commodity or futures discussion. Don't feel intimidated! It's just YOU and the MARKET. No one's "out to get you!" The market doesn't know you, just like the ocean doesn't know you, but you could "drown" in either one. If so, it wasn't the market or the ocean "doing you in," it was your lack of preparation and understanding, that's all, nothing more. You're learning the BASICS THAT WORK here, and these will put you head-and-shoulders above that other 75-95%!

As you become more and more involved in this business, you'll be exposed to many varied opinions, systems, and services, but it all boils down to one thing: HOW TO RUN A SUCCESSFUL BUSINESS OF YOUR OWN. You'll find, through experience and examining the record, that the methods for operating your own commodity business in THE WORLD'S MOST POWERFUL MONEY MANUAL are the simplest, easiest, most sound, and most successful. Nothing is 100%, and no one's offering any guarantees; it's prudence and consistency that build fortunes and that's what this book effectively teaches. As you may be tempted in the future to act on some new fad, craze, or "foolproof" sure-thing commodity trading system, keep this in mind about what you're learning here: WHEN SOMETHING WORKS, DON'T FIX IT!

"WELL, WHAT ABOUT COMPETITION?"

The only competition in futures trading is between you and the market: one of you will come out on top! The super-liquidity of the commodities markets testifies to their non-competitive nature. "Competition" means you could be hampered in your business dealings and

would not be able to buy or sell contracts when you wanted to, but that's just not the case here. You can (and will) pick up your phone, call your broker or order desk, and buy or sell within minutes. Now there has to be someone else, somewhere else, who has (or wants) what you're selling or buying. For every contract bought (expecting the price to rise), someone else must wish to sell (expecting the price to drop). The commodities markets are so vast — and breaking records continually — that pairing up buyers and sellers is no problem.

"ISN'T THE COMMODITY MARKET CROOKED, FIXED?"

In the stock market, the majority of investors are hoping stock prices rise. Very few short the stock market (expecting prices of stock to drop). In commodities, however, we've seen that exactly half the investors expect prices to rise (they're "long" or "bullish") and the other half are "short" or "bearish" (expecting prices to drop). What's fairer than that? There will always be buyers of the commodities themselves, but many times there are not buyers of every share of stock. Commodities are basic, with a definite cash value. Stocks have no cash value. That's the basic difference between these two markets, and the major reason why I prefer commodities. I can eat corn, but what can I do with a stack of worthless shares of stock? Some people have papered their walls with them …

In addition to the many safeguards built into the futures markets, the U.S. government establishes and enforces strict rules. It's against the law, for example, for government employees in some related (and even unrelated) positions to trade their own private accounts since there exists even a remote possibility that their job duties could make them privy to beneficial information.

Now there does exist a potentially threatening situation in the futures markets that you should be well aware of from the start: COMMODITY BROKERS ARE MAKING A LIVING, NOTHING MORE NOR LESS. The broker is not a very successful trader or s/he would be running his or her own commodity business! I admire these brokers for the service they perform (I wouldn't consider that job!), but you must realize where their money comes from. It comes from the commission you pay for each and every contract you buy and sell. The broker doesn't care if you make money or lose money. That doesn't matter. What matters is how many times you buy and sell a contract(s). Brokerage commissions range from a low of about $25-$30 to a high of over $100. In other words, you could pay $25 to over $100 for the very same service, depending upon which brokerage you use. Most brokerages have "800" phone numbers, so it really doesn't matter where in the country they're located. What does matter is that your orders are efficiently

and courteously taken and executed. You *don't* want advice from your broker, you don't need a shoulder to cry on, or someone to congratulate you; all you need is a contact between you and the exchange floors, AND THAT'S ALL!

Someday, I'm sure, we'll all be able to sit at a little home computer and punch in our orders. That will be ideal! No emotionalism and no advice.

"BUT I DON'T HAVE THE TIME TO CONSTANTLY WATCH THE MARKETS!"

If you thought this, I'll bet you already are, or were, trading futures contracts! I'll also wager that you're a loser in the markets. It's not necessary, OR EVEN ADVISABLE, to keep a constant watch on the price fluctuations in commodities. You'll soon learn how to spot your opportunity; create a sound, simple business plan; establish your position in the market; and provide for contingencies. Then you take off on a 'round-the-world cruise for six months or a year and never look in a newspaper, listen to a radio, watch a TV, or make a phone call! Sure, like myself, you'll probably want to check in as much as once-a-day, but it won't be necessary! Ask any other business owner you know how relaxed s/he'd be not checking in for an extended period of time: "IMPOSSIBLE!" you'll hear. "If I didn't check in, I wouldn't have a business to come back to!" One more reason why this is the World's One Perfect Business. The original question was,"But I don't have enough time ... "

Don't have enough time? You don't have time *not* to get started in this business! Would you agree that the soybean example you've already seen would represent at least a small empire to a trader involved in it? It would take you working over 20 years, earning $30,000/year, to accomplish what soybeans did for many traders in only two months! We all have the same number of hours on this earth; it's what we do with them that counts. No one ever has a time problem; s/he has a priority problem. The traders building businesses on that soybean move couldn't have spent two hours a day if they tried!

"BUT ISN'T THIS ALL GAMBLING, PURE AND SIMPLE?"

It is for the 75-95% who lose money, but it won't be for you. How would you like to own a gambling table in Las Vegas? That would be a very lucrative business, wouldn't it? Do you think the magnificent Las Vegas hotels and casinos are gambling ventures? Not a chance! Those hotels and casinos were built and based on sound business practices — just as your commodity business will be. You can, in fact, enjoy a substantially higher success rate if you plan carefully and follow the guidelines in this Manual. What other business could you enter with so little capital, an unlimited profit opportunity, and such high potential for success? Sure, you could buy a McDonald's franchise and have nearly a 100% chance for success, but do you have the $1,000,000 (yes, million) cash, and can you wait four or five years? But even if you did, and could, that franchise would not provide the upside potential your little commodity business will! And how absent could you be if you owned a McDonald's franchise? Not very. Think about all this a minute ... See why I call this THE WORLD'S MOST POWERFUL MONEY MANUAL?

You *will* experience losses in your commodity business. Nothing (not even McDonald's) is 100%. In fact, you may make losing trades eight times out of ten, but those two profitable ones can *more* than outweigh the eight losses *several times over*!

Suppose you have 100 quarters and I have 100 half dollars. I suggest we gamble by "flipping": When both coins come up heads, I win; when both come up tails, you win. Would you play that game with me? If you understand odds, you surely would! Odds are, I'll win half the time and you'll win the other half. But when *you* win, I'm giving up 50¢ and when *I* win, you're only losing a quarter! Your wins are twice the size! These are the kinds of situations you're learning to watch for in futures trading. They're there — all you and I have to do is watch, wait, plan, and act on them. When we do decide to act, we enter the world's one perfect business — without exception — and stand to realize gains that you've probably never even seriously dreamed of. Spotting and acting upon just one of the several (or many) special situations that formulate each and every year can generate a business so large and productive for you that you could "retire" for a long period of time — maybe many years — but you *won't* retire. I don't know of *any* successful trader who has. Retirement spells the beginning of the end ... that's no secret. Retirees who "pack it in" wither and die. Retirement *from* a former job can be the best thing that ever

happens to someone; now, s/he can do all those things that were put on the shelf for that nebulous "someday." Home S&L (formerly "America's largest savings-and-loan") ran a series of TV commercials in California that should have never been allowed on the public airwaves. They pictured various people in their "sunset years" being approached ("tempted") with some new idea of making more money on their "nest egg." The message from these senior citizens was, "Oh, no, I can't start something new (and "risky") now — there's no time to make it all over again!" WHAT A DAMAGING PIECE OF "JOURNALISM!" I just wonder how many older people believed that putrid garbage? I wonder how many, upon the verge of venturing out again and beginning something creative and new, crawled back into their self-made shells (prisons) and stuck to knitting or puttering around the workshop? Thankfully, I don't see those commercials being run any longer. I hope a lot of people felt the same way I did about them, closed their Home S&L accounts and sent a stern letter explaining why!

You know by now that I certainly wouldn't recommend gambling away the cash reserves someone has built up. That's not prudent, and I believe (hope) that that's all Home S&L really intended to convey — they just went too far. It's one thing to clip your fingernails, but it's quite another to amputate a finger doing the job. And that brings us back to another beauty of the world's one perfect business: You don't need to hock your home, take out a loan, or wipe out your savings account to begin a business — a business with a seed of potential that can grow larger and mightier than any other known!

"BUT WHAT IF I DON'T HAVE ANYTHING (OR ENOUGH) SAVED TO START A BUSINESS?"

Then it's a good thing you're reading this Manual at this particular time, because you've been on the *wrong track*! Before you can receive you must give. That's a law of nature. Napoleon Hill calls it "definiteness of purpose." If it's important enough for you to change the direction you've been going in, you'll put that mighty miracle on top of your shoulders — your magnificent

brain — to work and figure out a way! Isn't that exactly what you've always done when you wanted something badly enough? Read "THE RICHEST MAN IN BABYLON" by George S. Clason. Find out how simple it was for the richest man in Babylon to get that way! You may have to clip coupons, take on an odd job, and/or scrimp on gifts and goodies this year, but your new business can allow you to buy the entire store next year! That's not an unreasonable example in this, the world's one perfect business ...

"I DON'T KNOW ... IT ALL SOUNDS GOOD, BUT HOW CAN YOU SAY I WOULD HAVE 'A BETTER THAN AVERAGE CHANCE OF SUCCESS ... ' AND SO ON?"

Ask the government! The price of any commodity that is, or was once, alive can be reduced to mathematical odds. We live by the odds. Your doctor can determine the odds on your dropping dead today, tomorrow, or in twenty years and one month! Your auto and house insurance premiums are based on — determined, set, fixed — according to precise, mathematical odds. And in your commodity trading business, you can take positions where the odds are in your favor.

Ask your banker or stock broker for mathematical odds on your account. There are none! What are the odds those corporate shares you own will increase in price tomorrow, next month, or next year? Who knows? No one does! I wonder if that 75-95% group of commodity losers know there were definite mathematical odds available to study before they "invested" (gambled) their money away?

The cover of the September 1983 issue of Money magazine features a 29-year-old man who turned $5,000 into $127,000 his first three years in the stock market. He *deserves* the cover! So does the winner of a $100,000 slot-machine jackpot in Las Vegas! If you want to talk about pure-and-simple gambling, let's talk about the stock market ...

The basic, fundamental difference between the stock and futures markets is cold, hard cash. What's the cash value of any share of stock based on? Nothing more than what is called the "greater fool" theory! If someone will pay you more than you paid for that stock, you made a profit; if someone will only pay less, you took a loss; if no one wants it, you were the greatest fool of all!

How many futures traders are there in the world? Hundreds of thousands. Therefore, there are hundreds of thousands of investment systems and methods. Millions of people drive automobiles, but no two drive exactly the same, yet a good (not great) percentage drive defensively and will never be involved in a collision. This small group of successful drivers uses the very same roads, drives under the very same conditions, and has basically identical automobiles, yet they're more successful. Why? If you were to take a survey, I suspect most of the successful drivers would say something like, "Oh, it's very simple, really; I just (drive defensively, always look for an "out," watch my rear-view mirror, etc.)." They have a plan.

No one can guarantee you profits in commodities, just as no automobile driver has any guarantee of never becoming involved in a car crash, but you can learn and develop your skills — and, just like driving a car, you can even buy insurance in futures investing! Both auto and commodity insurance policies cost a premium, but they can guarantee you won't suffer greater damages than you're prepared for.

There's only one way to learn to drive a car: You must get behind the wheel and drive it! Sure, you can study driving Manuals, and even train in simulators, but you can't get a driver's license until you get behind the wheel and drive. But in futures trading, you can actually run a complete, totally realistic, fully-operational commodities business ON PAPER — before you ever call your broker. Try to do that with a McDonald's franchise or any other business.

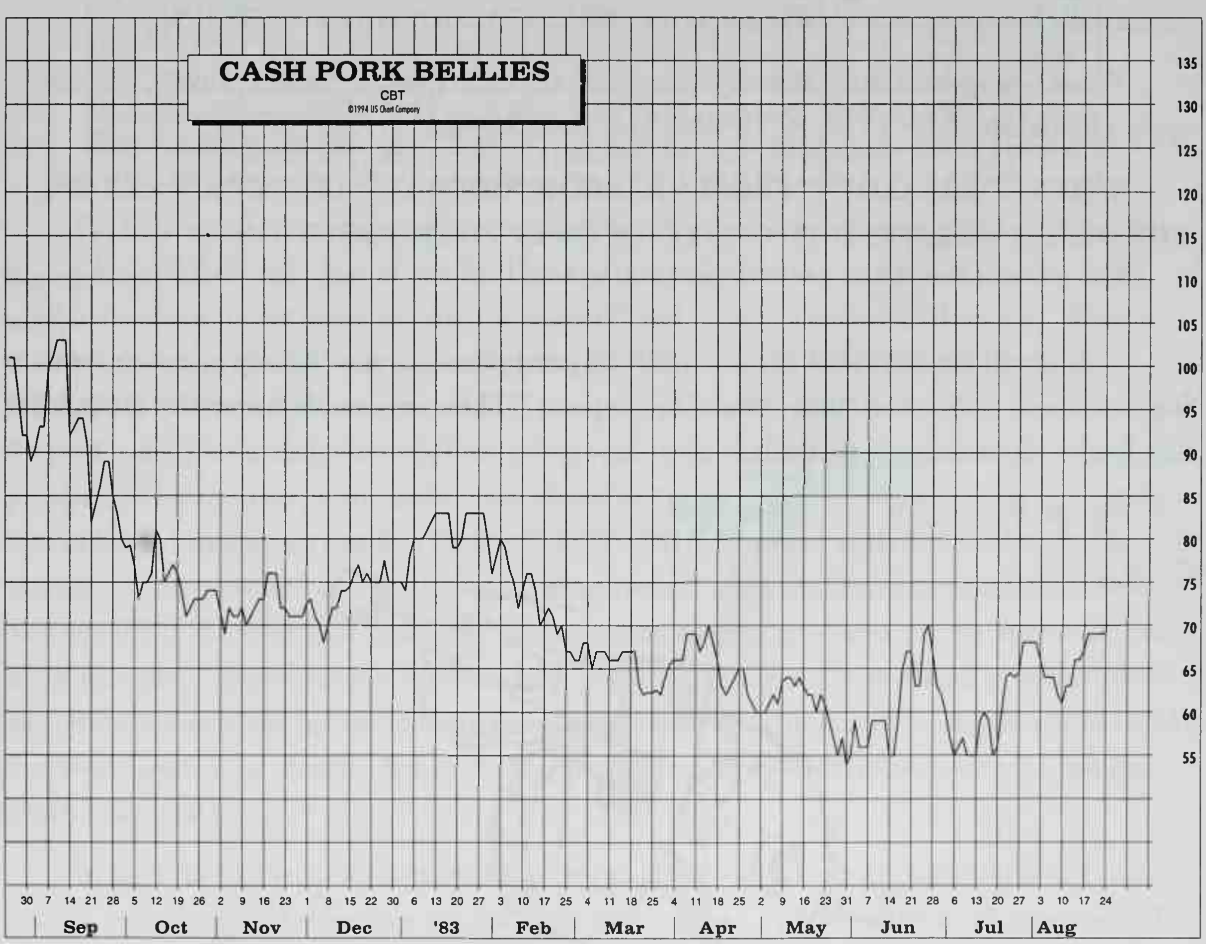
In addition to what you've already learned so far, I will familiarize you in the use of three VERY SPECIAL BUSINESS TOOLS in your commodity trading. You won't have to simply take my word that the use of these three principles will put you in that envied 5-25% group of successful futures traders. This is not to say that you will never experience losses — you certainly will, just as all successful businesses experience, but there's not a businessperson in the world who has greater opportunity to take charge of his or her business and enjoy the potentials and profits you can. It takes skill, study, and patience, but not nearly as much as you might think. Successful trading is not as easy as falling off a log, but there's no business that comes closer to that than the world's one perfect business!


FAILURE IS AN ESSENTIAL INGREDIENT OF SUCCESS!
ED'S SALES
ED'S SALES
ED'S SALES
GREG

CHAPTER TWELVE

LITTLE MOVING LINES

Anything can be graphed; movement and time can be illustrated. Populations, crime waves, temperatures, your age, your income — all statistics. In commodities, we use price graphs by charting fluctuating prices over periods of time. By doing this, we can discover many things that wouldn't be as readily apparent by simply looking at a list of numbers.



This is a graph of the cash price of pork bellies. Two "bellies" come from the underside of

each hog and it is from these green, uncured slabs of meat that your morning bacon is made. This graph, or "chart," covers the time period from September 1982 to September 1983. The price scale (vertical) runs from 55¢ to 125¢. You can see the cash price paid for pork bellies hit a high of 102¢ per pound in September 1982. The price reached a low during those twelve months of 54¢ between May 27th and June 3rd.

PRICES CAN ONLY MOVE UP, DOWN, OR SIDEWAYS. That's all!

They cannot stop, move backwards, or in two directions at once. Only UP, DOWN, or SIDEWAYS.

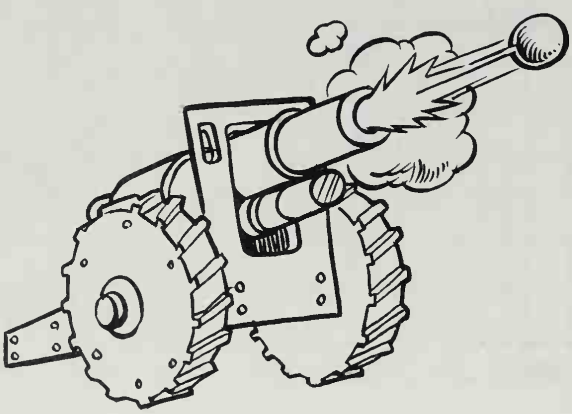
PRICES ALSO TEND TO MOVE IN IDENTIFIABLE PATTERNS. One of the simplest patterns to identify and begin a business on is the NARROW, SIDEWAYS PATTERN. This, the simplest of all chart patterns, is probably also the most powerful and consistent business-builder to be found in all the world of commodities. A hermit (with access to a broker!) can learn to successfully build a monumental business on a NARROW, SIDEWAYS PATTERN.

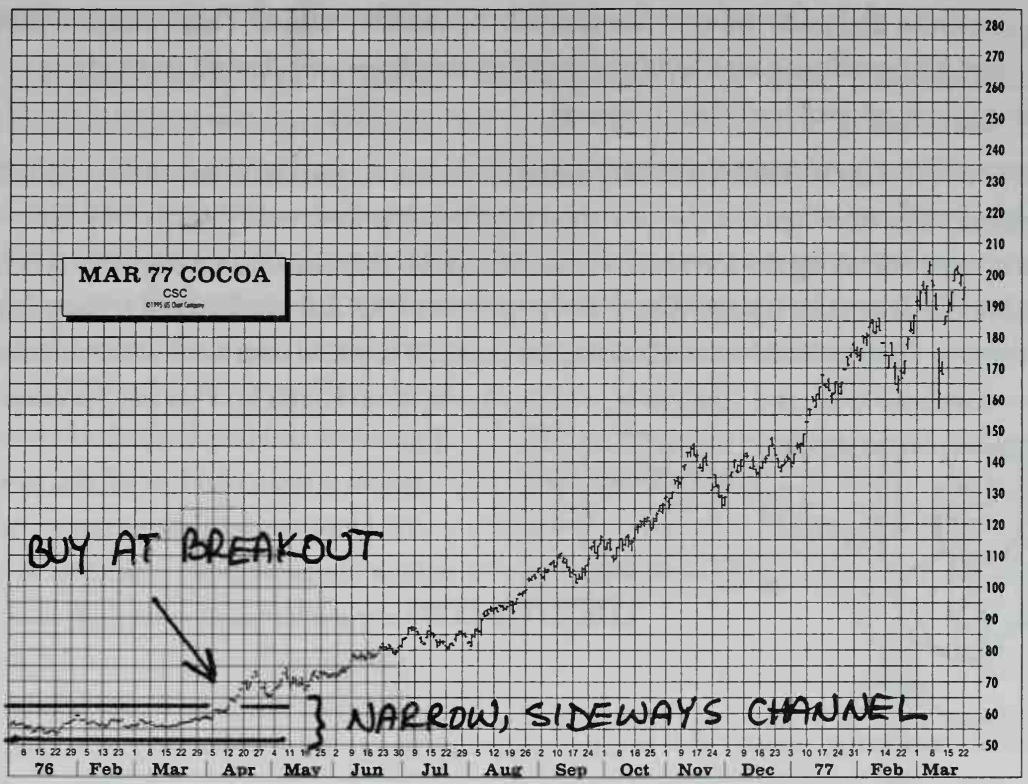
When you spot a narrow, sideways pattern on any chart (not just futures prices!), you can apply a fundamental:

WHEN A "BREAKOUT" FROM A NARROW, SIDEWAYS "CHANNEL" OCCURS, THE GRAPH WILL TEND TO CONTINUE ON IN THAT DIRECTION.

This is nothing more than a restatement of a principle of physics: A body in motion tends to stay in motion — it's called "momentum" or "impetus." There are countless everyday examples of this, but let's look at one in particular:

(see next page ...)





For four months, cocoa prices moved sideways, in a "narrow, sideways channel," between a high price of 60¢/lb and a low of 52¢/lb. Think of that price line as a snake, just slinking along until it decides to break out of its "narrow channel" and head in a particular direction. When it does break out, as it surely will, sooner or later, IT WILL TEND TO STAY IN THAT DIRECTION. *Precisely that* occurred in the cocoa prices in April 1976. You could have waited for the breakout to actually occur before calling your broker to buy (go long; anticipate rising prices) a cocoa contract or, you could have placed an "open order" with your broker instructing him or her to buy a cocoa contract for you if, BUT ONLY IF, prices moved above 64¢/lb, for example. But how would you know if cocoa prices would break out above the channel, or below? You wouldn't! You could use your other business tools to get a good idea, but no one would ever know for certain until it actually happened. No problem: You could have placed an open order with your broker to sell (go short; anticipate lower prices) one contract of cocoa if the prices broke downward, out of the channel, below 48¢/lb (in this case, off the chart), OR you could just sit, watch, plan, and wait.

In April 1976, then, cocoa prices hit your pre-determined target price of 64¢/lb and you bought one contract. Margin then was about $1,000/contract. A cocoa contract then controlled 30,000 pounds of the commodity and every one-cent "tick" (move) in price equaled three-hundred dollars. From April 1976 to March 1977, cocoa prices rose from 64¢ to over $2/lb.

That's a one dollar and thirty-six-cent move, or 136 "points" or "ticks." That's $40,800 profit on one contract! A $40,800 gain on $1,000 = 4,080% in eleven months. And all this without duplicating (using internal financing) contracts.

WITHOUT KNOWING A THING ABOUT COCOA, you could have built a $1 million-plus business! "But that's too easy," you're thinking, "cocoa prices could just as easily have dropped at any point along the way!" Of course they could! Remember: In April 1976 NO ONE KNEW, OR COULD HAVE KNOWN, WHAT COCOA PRICES WOULD DO! But you don't have to know in order to build a sound, profitable business in cocoa with none of the multitude of problems associated with, and inherent in, all other businesses. Here's how you add prudence to your business plan in cocoa:

THE STOP-LOSS

Sounds reassuring, doesn't it! It is …

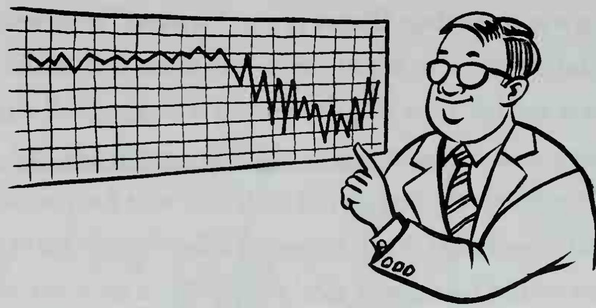
Suppose you're hitchhiking from the southern part of Commodityland to the northern tip of this fictional country. There are no traffic laws in Commodityland — people drive in any direction they want on this country's highways. You have no way of knowing exactly where each car is headed, so your wisest choice would be to HITCH A RIDE ON A NORTHBOUND VEHICLE. It may continue northward for a while and perhaps begin to veer easterly, or to the west. You'd perk up then and become keenly aware of this car's changing directions. If the car suddenly headed south, you'd get out and wait for another northernbound car to pick you up. You may zigzag across Commodityland, but you're sure to reach your destination using this method!

The commodity markets are a lot like Commodityland; prices don't travel in nice, neat, straight, uni-directional lines! Your goal is to stay with that dynamic, traveling line AS LONG AS IT CONTINUES TO MOVE IN YOUR FAVOR. If it should turn in the opposite direction from which you're profiting, GET OFF!

Placing pre-planned stop-loss orders with your broker is the best way to insure this. Pre-planning is vital to building your business. You have about the same chances for success in an unplanned, or underplanned, business as you have winning a jackpot in Las Vegas. Yes, some people do win jackpots, but it's nothing more than luck and gambling. By the way, I wonder how many of the 75-95% commodity losers had a plan? You know the answer to that. (I trust you're

now *at least beginning* to respect this, the world's one perfect business!)

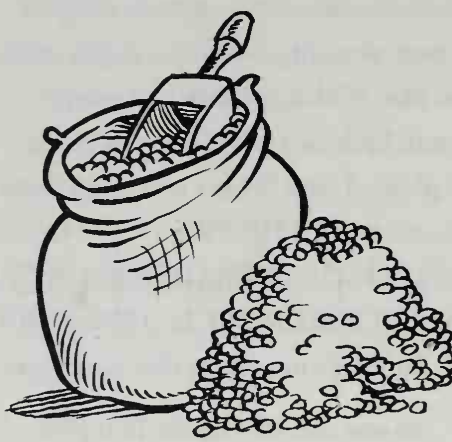
Let's go back to April 1976: You were watching cocoa prices "snake" along between 52¢ and 60¢, knowing full well that eventually that "snake" would "break out" of the narrow channel on one side or the other. You begin your business plans now, before the breakout. This is called "advance planning" and it's at the heart of every successful business operation. You decide to buy one cocoa contract if the price ever moves to 61¢ or sell one cocoa contract if the price ever moves to 51¢. You could have deposited margin money with a broker well before you ever made a trade, which is the wise thing to do, for you can't buy or sell a contract unless the margin account is established. It will sit there until you decide (don't let a broker talk you into anything!) to buy or sell. Some brokerages now pay interest on your margin money and you may even deposit a T-Bill as margin money if you like. With an established margin account, back in April 1976, you could have phoned your broker and given these instructions: IF THE PRICE OF MARCH (1977) COCOA EVER HITS 61¢, BUY ONE CONTRACT FOR MY ACCOUNT. AND IF THE PRICE OF MARCH (1977) COCOA EVER HITS 51¢, SELL ONE CONTRACT FOR ME." But that's not all: At that same time, establish a stop-loss plan, too!



No one can tell you the best placement of stop-loss orders; that's an art that comes with experience — and it won't cost you a dime to learn it! The price of March 1977 cocoa did, in fact, hit 61¢ and your broker would have called the New York exchange floor and bought one contract at the "market price" that prevailed as soon as possible after the 61¢ price had been hit. That is, when the price actually hit 61¢, your pre-existing order ("open order") was activated. At that moment, your order to buy one cocoa contract went onto the auction floor, BUT THE EXCHANGE FLOOR DIDN'T SUDDENLY STOP COLD JUST BECAUSE YOUR ORDER HAD BEEN HIT. Business went on as usual, so the actual price at which your order was "filled" may not be exactly 61¢. It may be higher which would give you less profit than a "fill" at exactly 61¢ would have, but a higher fill would be just fine. Why? Because you fulfilled your objective: to "get on board" only if the price moved the way you wanted it to! By pre-selecting a price above the narrow channel (61¢), prices would have to move the way you want them to (up) or your order would never be filled. That's the only way to ever enter any market — only when the price actually moves the way you want it to. The 75-95% losers just jumped into any passing car in Commodityland and hoped it was going the way they wanted it to! That's no way to run a

business. And it certainly doesn't take an economics degree from Harvard to understand and follow that — the most basic — fundamental.

Once cocoa prices triggered your 61¢ open order, you became a passenger on the "cocoa line." You intend to ride the "cocoa line" as long as it moves in your direction; in this case, up. If it should turn downward, when do you want off the "cocoa line"? Ideally, you place your stop-loss order far enough below (when buying a contract) your entry point so that it will never be reached, but close enough below your entry point to limit your losses to as little as possible. Now that's like hopping into the barber's chair and saying, "Not too short and not too long, please!" NO ONE KNOWS THE FUTURE, so we want to be prudent and wise in planning the stop-loss order. Let's analyze this: Cocoa prices "snaked" between 52¢ and 60¢ for several months. It would be prudent, then, to set the stop-loss point just below the bottom of the channel, or below 52¢. Let's set it at 51¢. Your stop-loss order was triggered and your one cocoa contract was sold at approximately 51¢ (remember: trading didn't stop and wait for you on the exchange floor). Each one-cent move equals $300, so you would have lost a total of $3,000 (a ten-cent move — 61¢ to 51¢ — at $300/cent = $3,000). So setting a stop-loss at 51¢ may have been prudent, but it may not have been all that wise — $3,000 is a lot to lose!



Here's another option: How about establishing your stop-loss point just below the middle of the channel? The channel is from 52¢ to 60¢ "wide." The middle of that is 56¢, so just-below-the-middle would put it at 55¢. If your open buy order were hit at 61¢, and the prices dropped to hit your "sell" (stop-loss point) order at 55¢, you would have sustained a drop of 6¢, or $1,800. That's better, but you can just as easily set your stop at 59¢ or 60¢, upon entering the market at 61¢. In the March, 1977 cocoa market, you wouldn't have needed a stop-loss at all, BUT ALWAYS PLAN AND PROVIDE FOR ONE.

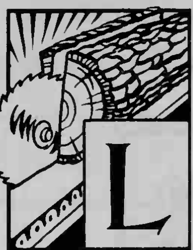
As prices move in your favor, keep raising that stop-loss point to either limit your losses further, or to help "lock in" any profits you've already earned. For example, on April 9, 1976, your 61¢ entry point was hit. One week later (about April 16th), cocoa was above 64¢/lb., for a $900 profit on your $1,000 margin (90% in a week!). You could have then moved your stop-loss up to 61¢ — the break-even point (less the broker's commission). Just after April 23rd, cocoa went to 71¢. You may have moved your stop up to 68¢, to lock in a $2,100 profit (68¢ - 61¢ = 7¢ X $300 = $2,100). But prices dropped to 64¢ just before April 30th, so you would have already been "stopped out" (your contract sold) by that time at somewhere near 68¢, for your approximate

$2,100 profit. You can see what cocoa prices did — climbed all the way to $2/lb, so placing your stop too close would have cost you potential profits. The more profits you accumulate, the farther behind you can afford to place your stops.

The width of the narrow channel will help you determine accurate stop points, but experience alone is the only "mentor" to turn to for advice in placing stops. THE WORLD'S MOST POWERFUL MONEY MANUAL is a complete program, specifically designed to afford you plenty of experience before you invest your first dollar in the world's one perfect business.

CHAPTER THIRTEEN

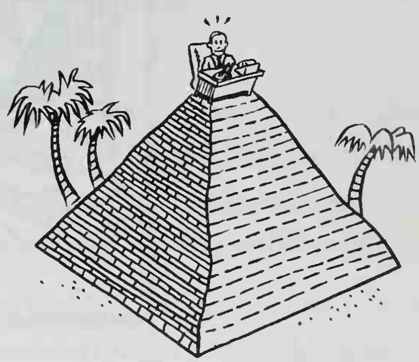
BUILDING PYRAMIDS



Like the word "commodities," the word "pyramid" elicits negative reactions from most people. But I hope by now you've learned that you don't want to be like "most people." "Most people" (80+% according to a national survey) are frustrated in their jobs, unhappy with their lives, and therefore going to end up dead broke and unfulfilled by age 65 (Social Security statistics) and of little value to themselves and the rest of society! I'm not being cruel; the fact is, an unhappy person does not benefit him- or herself or the rest of society and, like it or not, we're all in this life together.

The usual reaction to the word "pyramid" is, "Pyramids are illegal." No, unending chain letters are illegal! It only recently became public knowledge that the Social Security system (that I quoted above!) is a chain letter scheme! And it's also common knowledge that it's running out of chain! It's no longer a joke to call it the Social Insecurity system.

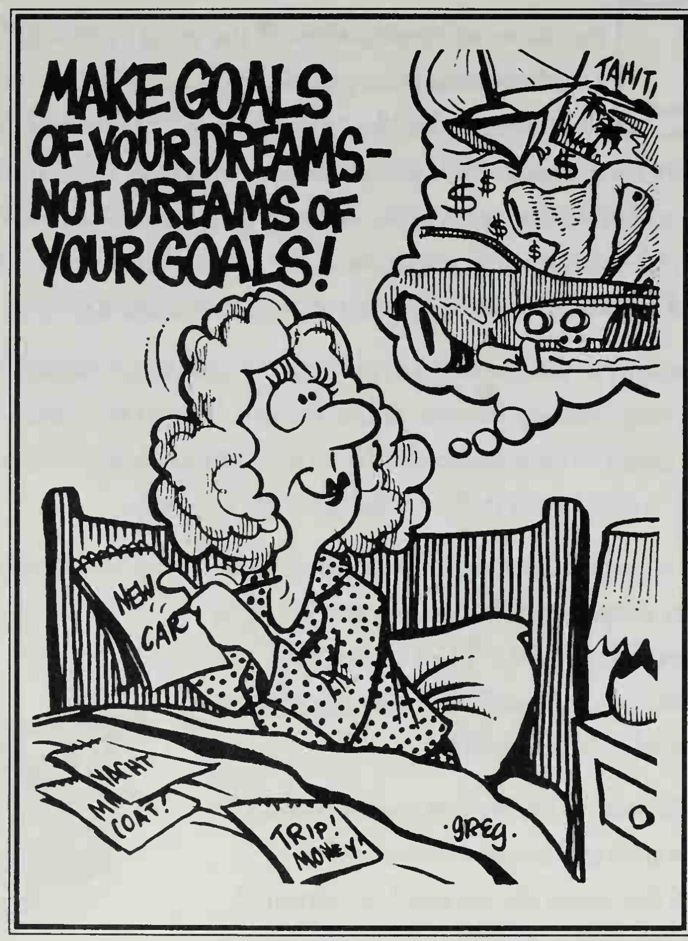
Pyramids are wonderful, strong, sound, prudent, and wise business structures. The Board of Directors of every corporation hopes to someday be in a position to pyramid its company. The Fortune 500 companies have. And you can easily be at the top of your own business pyramid —just like IBM!

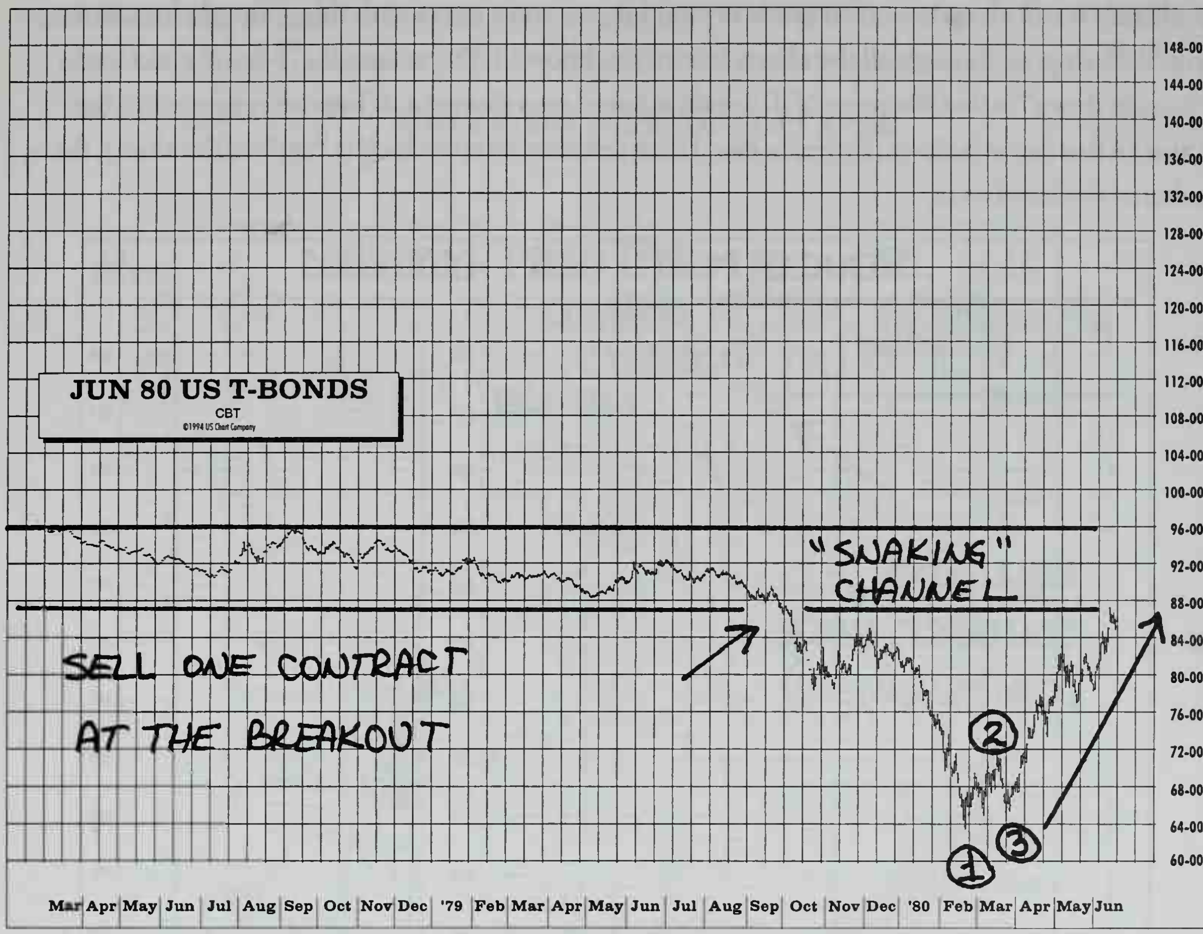


Look at a dollar bill. What do you see? A pyramid. Wow! Why would a pyramid be on a dollar bill? Congress approved the use of the pyramid on currency on June 20, 1782! I wonder why? Because it represents STRENGTH and ENDURANCE. The pyramid's unfinished top signifies that there is more work to be done. The "all-seeing Eye of God" on top of the pyramid emphasizes the importance of putting spiritual values above material things. The founding fathers wanted to illustrate the fact that our strength is rooted in God, and that our

progress must be under His watchful eye. The words "ANNUIT COEPTIS" encircling the top of the seal mean "GOD HAS FAVORED OUR UNDERTAKINGS." The Latin words under the pyramid, "NOVUS ORDO SECLORUM," mean "a new order of things," signifying the freedom of the people to exercise self-government (there's that word "self" again!). The Roman Numerals at the base of the pyramidal centerpiece are a reminder of our nation's birthdate — 1776.

By building a pyramid and placing pre-determined stops, you will have the opportunity to create a business greater than any business you've ever heard of!



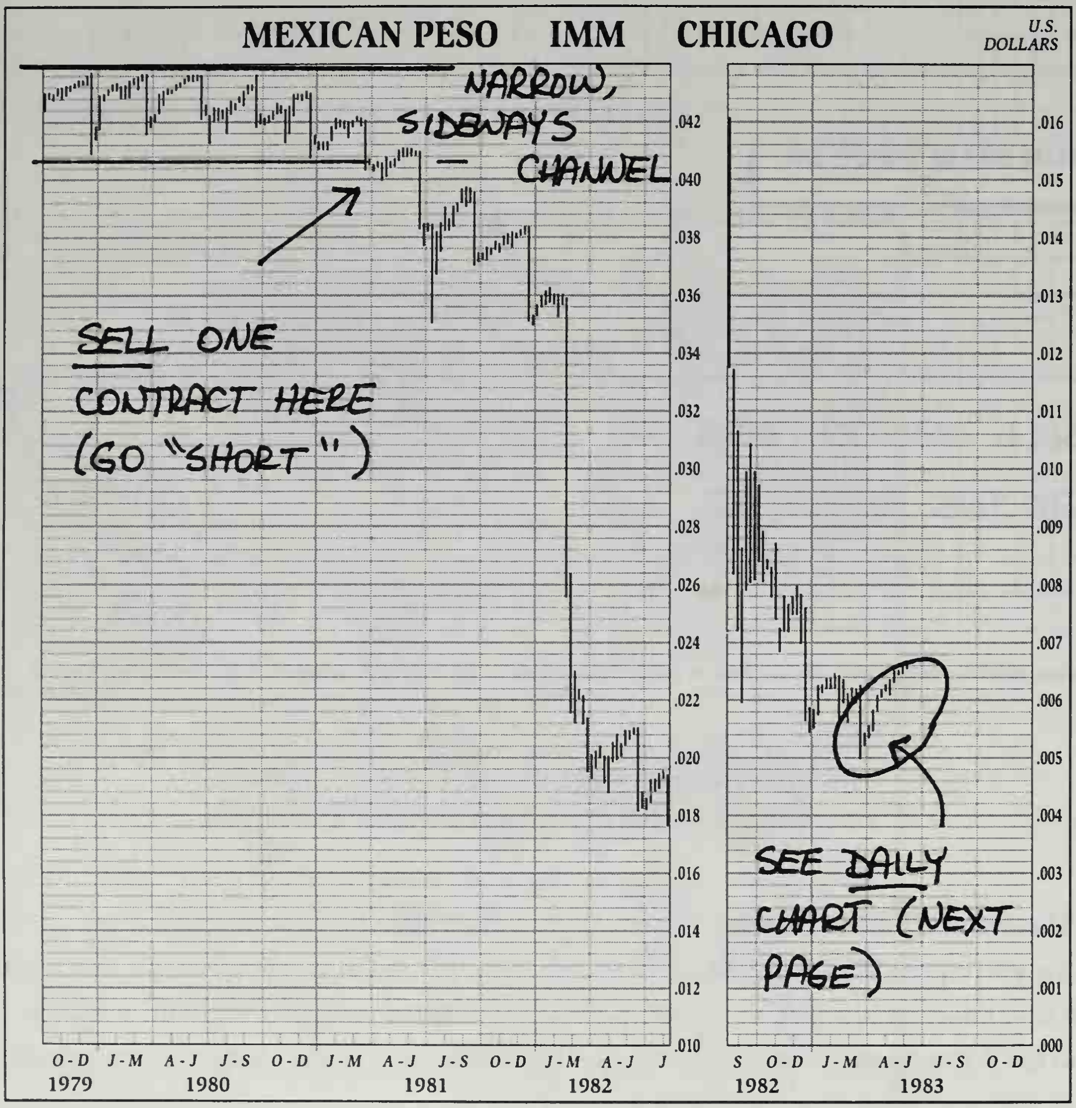


IN THE WORLD'S ONE PERFECT BUSINESS,
YOU DON'T CARE IF PRICES GO UP OR DOWN!

Margin on a T-Bond contract is about $2,000. Each percentage-point move in price (right-hand margin) equals $1,000. If you had sold ("shorted") a contract at 87%, the ride down to 64% would have returned $23,000, or 1,150% per contract. How could you have built a pyramid around the T-Bond business of 1979 through 1980? Suppose you only did one-tenth as well …

Some weeks (or even months) before June 1979, you had spotted a "snaking" pattern in the U.S. Treasury Bond prices (the June 1980 contract month), between 88 and 96% (right-hand scale). Notice how T-Bond prices are charted: a rise in actual interest rates in the world around you means a drop on the right-hand (percentage-yield) scale (refer back to our previous discussion of bonds). Confusing? Have you ever tried to read the Wall Street Journal? The first time you look at one, you'll be confounded — it all looks like Greek! But read it a while and

suddenly it will all make perfect sense to you! I threw you a curve with this T-Bond chart, but you'll be zipping through all the charts before you know it! The reason the T-Bond chart looks "upside down" is that the price of T-Bonds is based on a discount. If interest rates are up, the value of that bond is down, or yields less. If interest rates drop (which is "up" on the chart), the value of the bond rises.

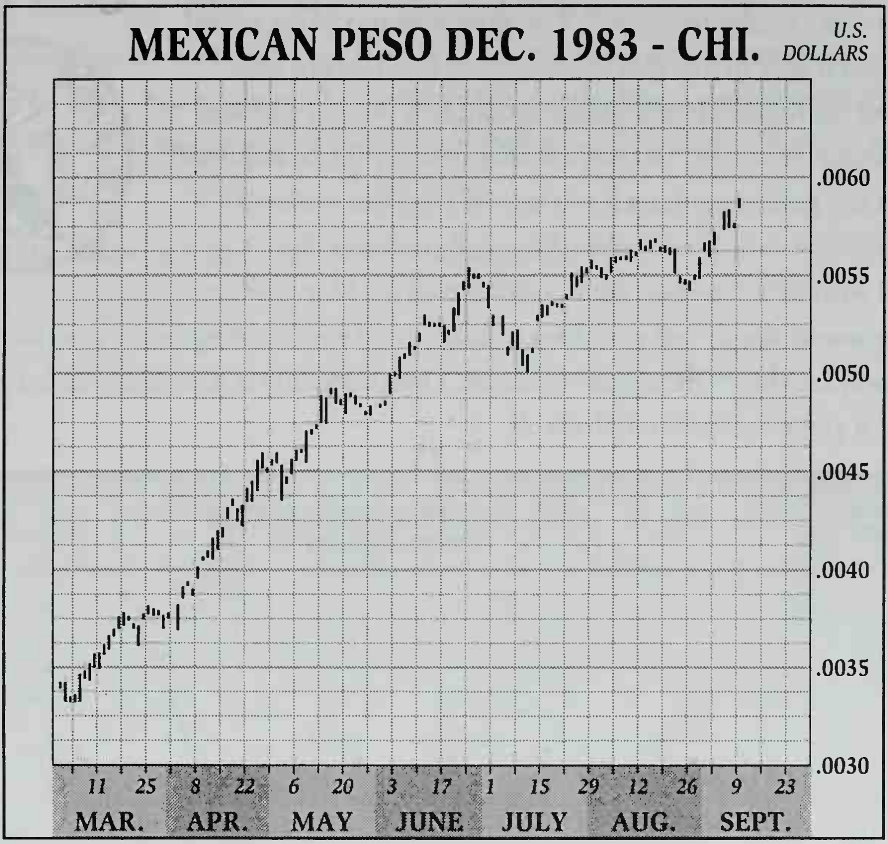


Cattle, coffee, gasoline, palladium, potatoes, wheat, live hogs, *it doesn't matter*. We happened to have spotted a narrow, sideways channel "snaking" along in MEXICAN PESO prices on this weekly chart (which gives us a different perspective from looking at a daily chart):

You would have known something was going to happen with prices here simply by watching the narrow, sideways channel; you wouldn't even have had to read all the newspaper headlines or

watch the evening news:

MEXICO ON BRINK OF COLLAPSE!

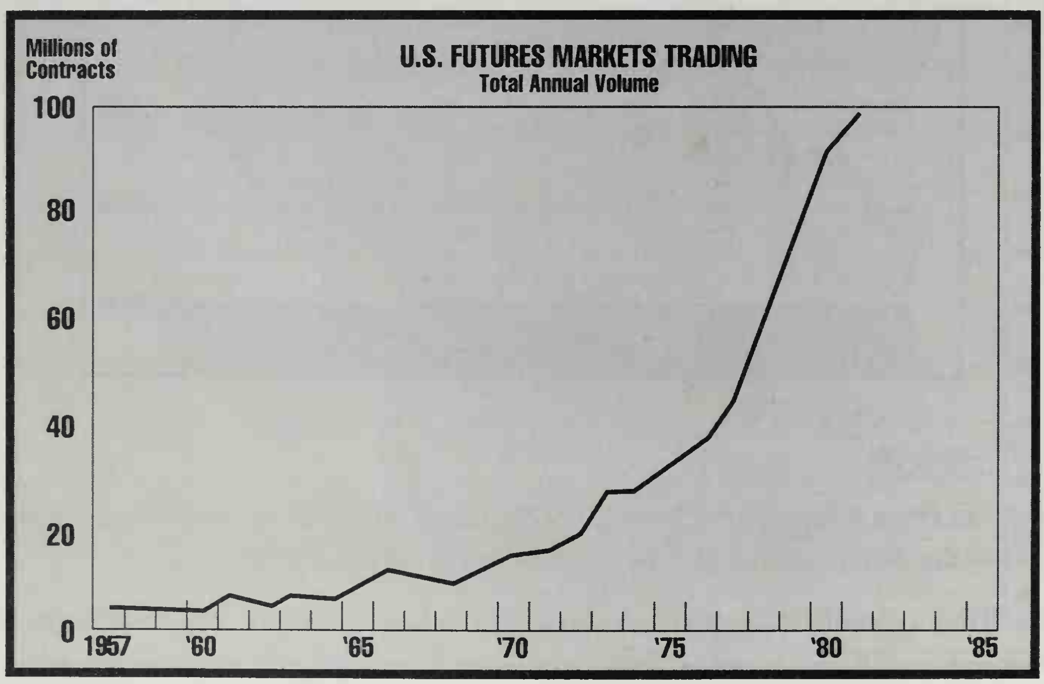


Quite a different view!

Mexican Pesos will, sooner or later, in 1979 and/or 1980, climb up out of the channel, or down, below the channel, so you prepare yourself for a profit opportunity …

You'll buy a contract if the price hits above .044 and sell a contract if the price moves below .041. Remember: to BUY a contract of any commodity means you're "buying low and selling high"; that is, you buy an item at today's price, expecting to sell it to someone else at a higher price in the future. To sell a contract of any commodity means you contract to sell that commodity sometime in the future based on today's price. I can obtain a car, for example, that you want. It's worth $20,000 today, but I happen to believe that it will cost only $10,000 three months from now (for whatever reasons), so I'll sell the car to you at today's price of $20,000 and agree to deliver it in three months (for example). Before delivery time comes, I buy the car from someone

else for $10,000, receive $20,000 from you, and make a tidy $10,000 profit. But now I scared you, didn't I? You're thinking, "There's the catch! If I made a wrong move in this commodity market business, some truck is going to back up and dump 5,000 bushels of corn on my front lawn! I knew there was a catch to all this!" No, that's one of the major benefits of the commodities market: LIQUIDITY. The total number of traders is, as my daughter, Nicole, would say, "humongous — it's totally awesome!" The sheer vastness of the crowd of traders makes it easy to buy and sell contracts. Incidentally, only about 3% of all the hundreds of millions of contracts bought and sold are ever physically delivered. You can't receive delivery (or be required to deliver) on any futures contract if you sell (or buy) that contract before its expiration date. If you held a May cattle contract, for example, and wished to maintain your position past the May delivery deadline, you would simply call your broker, cash out of your existing (soon-to-expire) contract and buy (or sell) another "farther out" contract. This procedure is technically called a "switch" and would cost you a commission, that's all.



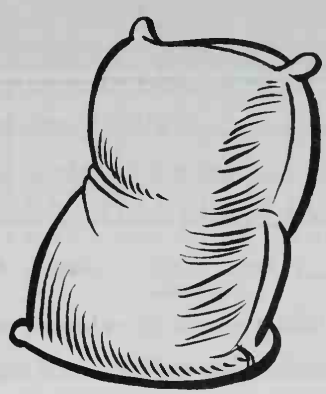
In March 1983, an orthodontist attended one of my real estate seminars at a local university. Several days later, he visited me at my office and began talking about commodities (my favorite topic!). He had lost thousands of dollars just the way I described earlier in this Manual, and wasn't exactly enthusiastic about the subject.

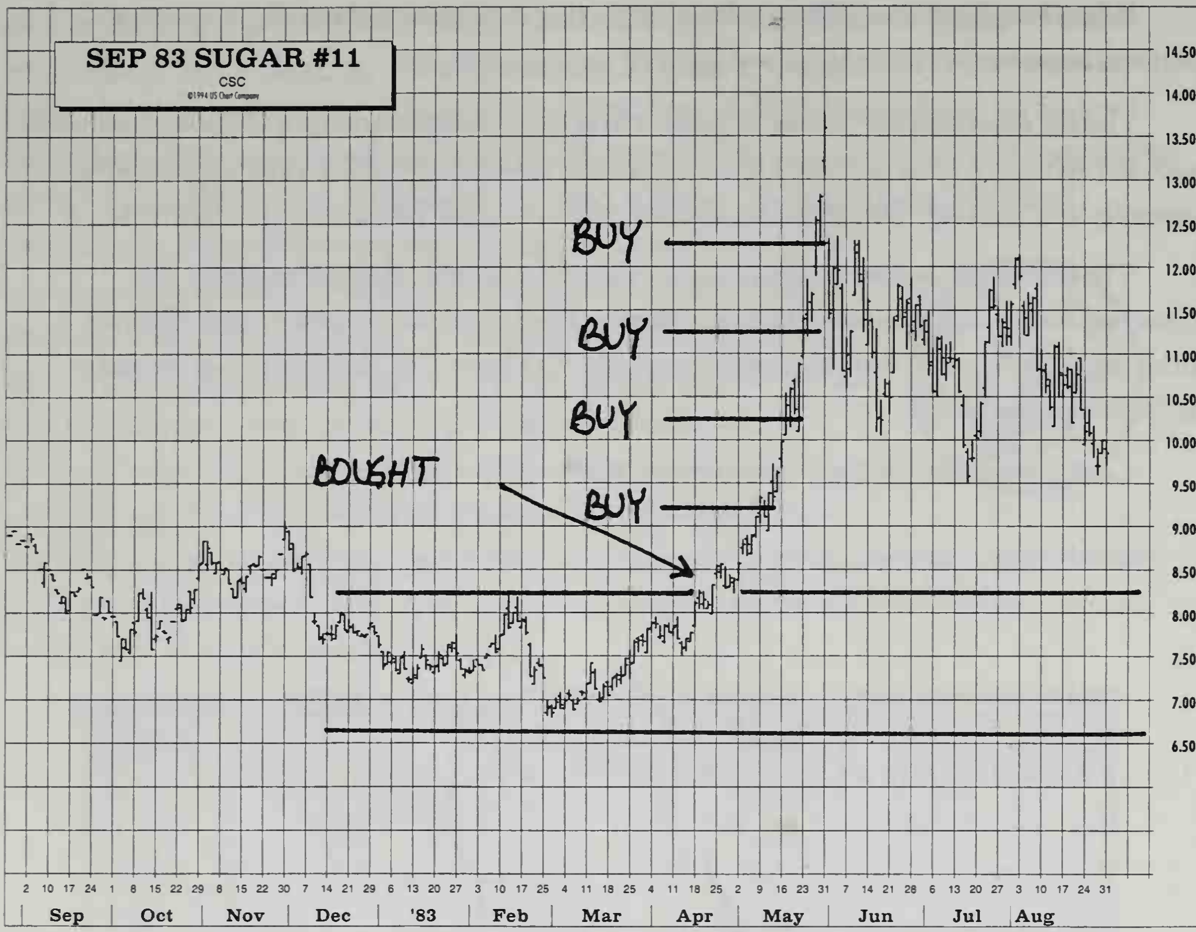
When I explained the difference between playing the market and running one's own business in the futures markets, he realized it all made good sense.

I briefly described the narrow, sideways-channel fundamental and gave him a few examples, such as you've seen here, to study. I then pointed out how the September 1983 sugar chart was currently in a "snaking" formation. He nodded, said it sounded interesting, and departed.

The doctor phoned me in late June (less than three months after our meeting). Not expecting that he had taken action on the materials I had given him, I casually said, "Did you know sugar broke out of that channel I showed you?" "I know!" he said. *"That was the easiest $15,000 I ever made!"*

Look at the following sugar chart to see what the doctor did.





A sugar contract controls 112,000 pounds; therefore, a one-cent price move equals $1,120 (112,000 X .01). The doctor was watching for the breakout and bought his first contract at 8.30. He then "scaled-up" (used internal financing to purchase new contracts). Margin at that time was $850 per contract and his plan was to scale-up at each one-cent increase in sugar prices. He "trailed" his stop-losses (kept moving them up, closer and closer, as profits accumulated). His sugar business finally ended when his contracts were sold at his pre-set stop-loss point of approximately 12.30.

Here's what happened ...

1 Contract Bought @ 8.30¢,	$850 Margin	(Out of pocket)
1 Contract Bought @ 9.30¢,	$0 Margin	(Internal financing)
2 Contracts Bought @ 10.30¢,	$0 Margin	(Internal financing)
4 Contracts Bought @ 11.30¢,	$0 Margin	(Internal financing)
8 Contracts Bought @ 12.30¢,	$0 Margin	(Internal financing)

When stopped-out at 12.30, here's what his contracts had generated:

1 8.30¢ Contract = $4,480
(4-cent move @ $1,120/cent = $4,480 profit)

1 9.30¢ Contract = $3,360
(3-cent move @ $1,120/cent = $3,360 profit)

2 10.30¢ Contracts = $4,480
(2-cent move @ $1,120/cent = $2,240 X 2 = $4,480 profit)

4 11.30¢ Contracts = $4,480
(1-cent move @ $1,120/cent = $1,120 X 4 = $ 4,480 profit)

8 12.30¢ Contracts = $0
(0-cent move X 8 = 0 profit)

Total Profits to Date:

Gross Profits = $16,800

Subtact $100 commision per each contract (-$1,600) = $15,200 Net Profit

Initial out-of-pocket investment was $850 which equals a 1,788% return-on-investment in approximately six weeks. That's over 15,000% annually!

Total profits = $16,800 (less $100/contract for broker's commission, X 16 contracts = $1,600) for a net profit of $15,200. Initial out-of-pocket investment was $850 which equals a 1,788% return-on-investment in approximately six weeks. That's over 15,000% annually!

I had another man in February 1983 who *hated* the commodity market! He had lost over $25,000 with a commodities broker and *couldn't explain how it happened*! I remember he was very cynical, but I managed to explain the simple, sound, "snaking" fundamental. He became more and more interested when I showed him the current sugar information, and how to watch for the break-out.

He said, "Well, I'm going on an African safari (it was a photographic safari) until the end of May, so I hope this 'break-out' doesn't happen before then!" I then explained how he could pre-place instructions with a broker, so that whatever happened, he would be "covered."

He opened a $2,000 margin account and gave his broker these instructions:

"BUY ONE SEPTEMBER 1983 SUGAR CONTRACT IF THE PRICE EVER REACHES 8.5¢/LB AND, IF THAT HAPPENS, ESTABLISH A STOP-LOSS AT 7¢. IF PRICES REACH 9.5¢, BUY ANOTHER SEPTEMBER 1983 SUGAR CONTRACT WITH MY PROFITS AND SET THE STOP-LOSS POINT FOR BOTH CONTRACTS AT 8¢. IF

PRICES CONTINUE TO ADVANCE, KEEP MOVING THE STOP-LOSS POINT TO 1-½¢ BEHIND CURRENT PRICES."

When he returned from safari at the end of May 1983, his sugar business had just been terminated when his two contracts (he only wanted to scale-up once) were closed (sold) at just above 12¢. Here's his accounting:

1 Contract bought at 8.5¢ and sold at 12¢ = $3,920 profit	
1 Contract bought at 9.5¢ and sold at 12¢ = $2,800 profit	
Total Profit	**$6,720**
(Commissions, @ $100/contract)	- 200
Net Profit	**$6,520**

He said he couldn't have read a newspaper or found a telephone to save his life, yet this man's $850 returned $6,520 because of his pre-set instructions. That's 767% in approximately one month, or over 9,204% annualized!

Both these men acted on the very same event; one turned it into over $15,000 profit, and the other, over $6,500 profit. What's the difference? PERCEPTION!

I'd like you to count the number of times the letter "F" appears in the box below:

> **FINISHED FILES ARE THE RESULT**
> **OF YEARS OF SCIENTIFIC STUDY**
> **COMBINED WITH THE EXPERIENCE**
> **OF MANY YEARS.**

Did you count three Fs? Most people do. There are actually six Fs in that sentence. You probably saw only three because your mind's eye (your *perception*) saw the Fs in the word "of" as

Vs ("of" is pronounced "ov"). Although all six Fs were there all the time, you probably saw only three of them because your perception, or how you view things, dictated that you see only three of the six Fs.

Let's test your perception again:

"What a deal I have for you! Just this week I was offered a license for a franchise that I believe will skyrocket and make us all kinds of money — more money than you can imagine! Here's the deal: An option on this license costs $100,000, but I have only $90,000 cash. If you'll put up the other $10,000, I'll offer you a full partnership — you and I will be 50/50 partners although you only put up 10 percent.

"Here's what you'll be buying into: This is a license to operate a retail-type operation that will sell just about anything any grocery store, liquor store, or deli would sell, but here's the brilliant catch! We're going to sell these same items at 30 to 40 percent more than all other stores around us will be charging! Absolutely brilliant, don't you agree?!

"What? You don't want to grab this once-in-a-lifetime opportunity? Why not? Oh, I forgot to tell you that the name of our franchise will be 7-Eleven!"

When I pose this situation to my seminar attendees, only one or two out of every hundred would accept my offer. This sample isn't definitive by any means, but it is interesting to note the statistics. It seems that only about one to two percent of Americans are the doers in this world. The rest are watching TV, drinking beer, and saying, "If only I'd a' done this or that ..." My fellow seminar leaders concur; only one to two percent of all those who attend real estate seminars ever do anything with what they learned.

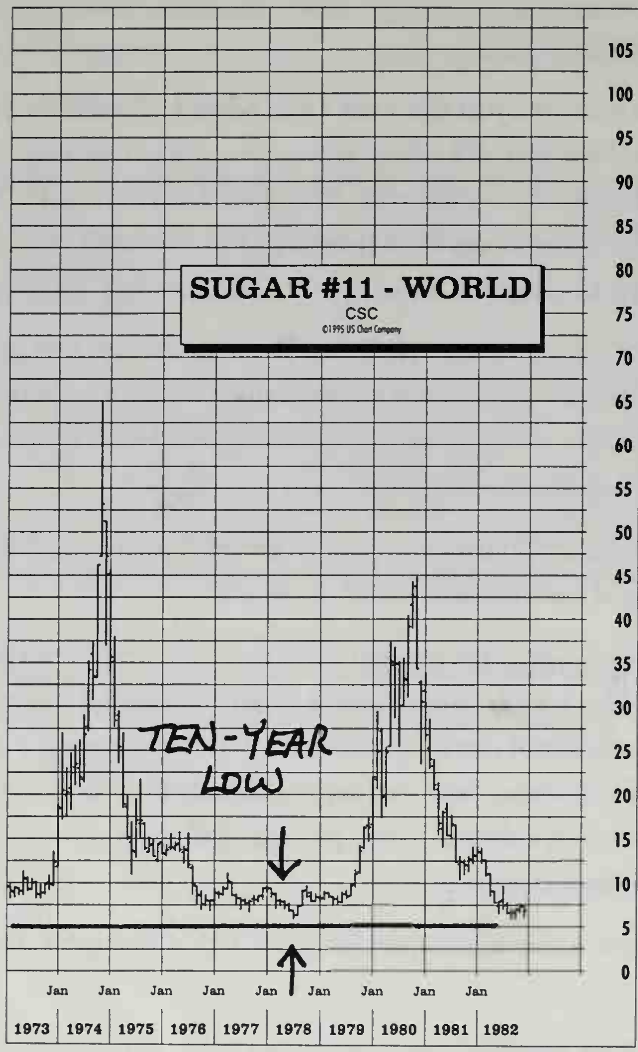
I'm writing this book to leave an impact on this world — if only for the few people who will act on its information.

The point is, there are *limitless* opportunities out there. Before your ship can come in, though, you have to send it out! If you act on these words and principles, you'll increase your net worth and income tremendously. *You have to!* If you put forth the effort, a natural law comes into play: For every action, there's an equal and opposite reaction. It's just that simple.

OPPORTUNITYISNOWHERE ...

How would you like to buy a piece of real estate in 1983 — at below 1973 prices?!

That's the opportunity many people acted on and profited from in 1983.



A "LITTLE" SUGAR BUSINESS

Some of the most wonderful stories you'll hear about the commodity futures markets concern the major sugar price moves of the '70s and '80s, as seen on the chart.

I was introduced to the commodity markets by a California Deputy Sheriff whom I happened to meet through a mutual friend. He discovered the commodity markets while in college. He had done some chart studying and came upon an old, out-of-print common-sense approach to the futures market in a used bookstore he frequented in Venice, California on weekends. The bookstore owner told him that the author was still alive and could be found along the beach most every day.

He eventually located the author, who confirmed that sugar (and cattle) prices were, indeed, poised for a major takeoff, just as described in his out-of-print book.* The young deputy sheriff and his college friend washed cars, hauled furniture, and did all they could to raise enough money to control a sugar futures contract. The two also entered the cattle market at the same time, due to its "explosive" posture.

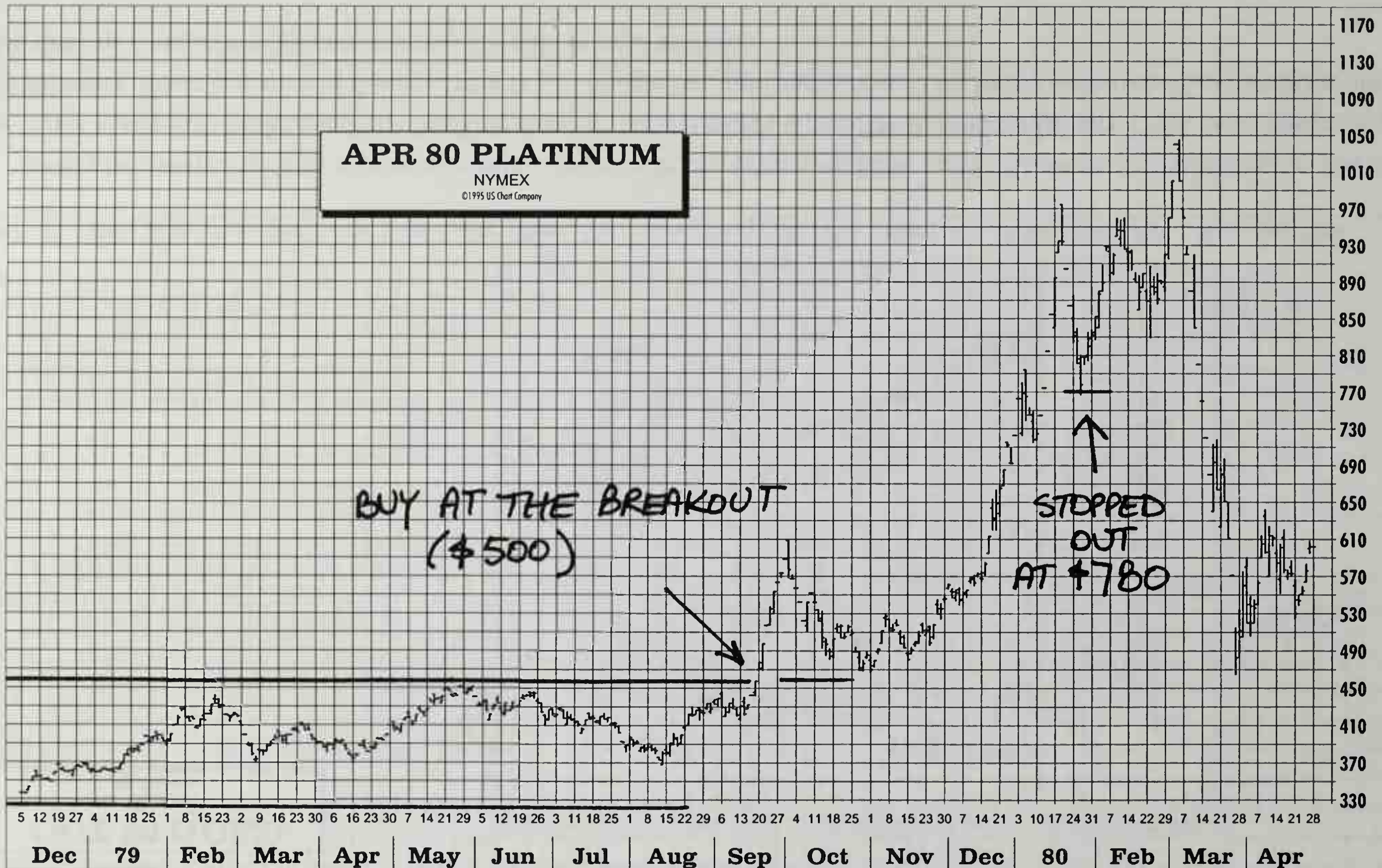
Prices did take off and they pyramided their profits into more and more contracts. Before the price move of the '70s was over, he and his friend earned a net profit of over $100,000 in their "little" sugar business (and nearly $200,000 in their cattle holdings!) ...

Another sugar story was related to me by the printer who helps me with all the Course materials that go with this Manual and Program: His father, who was a very, *very* conservative man from the Old Country, saw the relatively rare opportunity in sugar during the '70s, invested about $1,000, and within a few months had earned enough to pay cash for the home of his dreams in the San Fernando Valley area of Southern California.

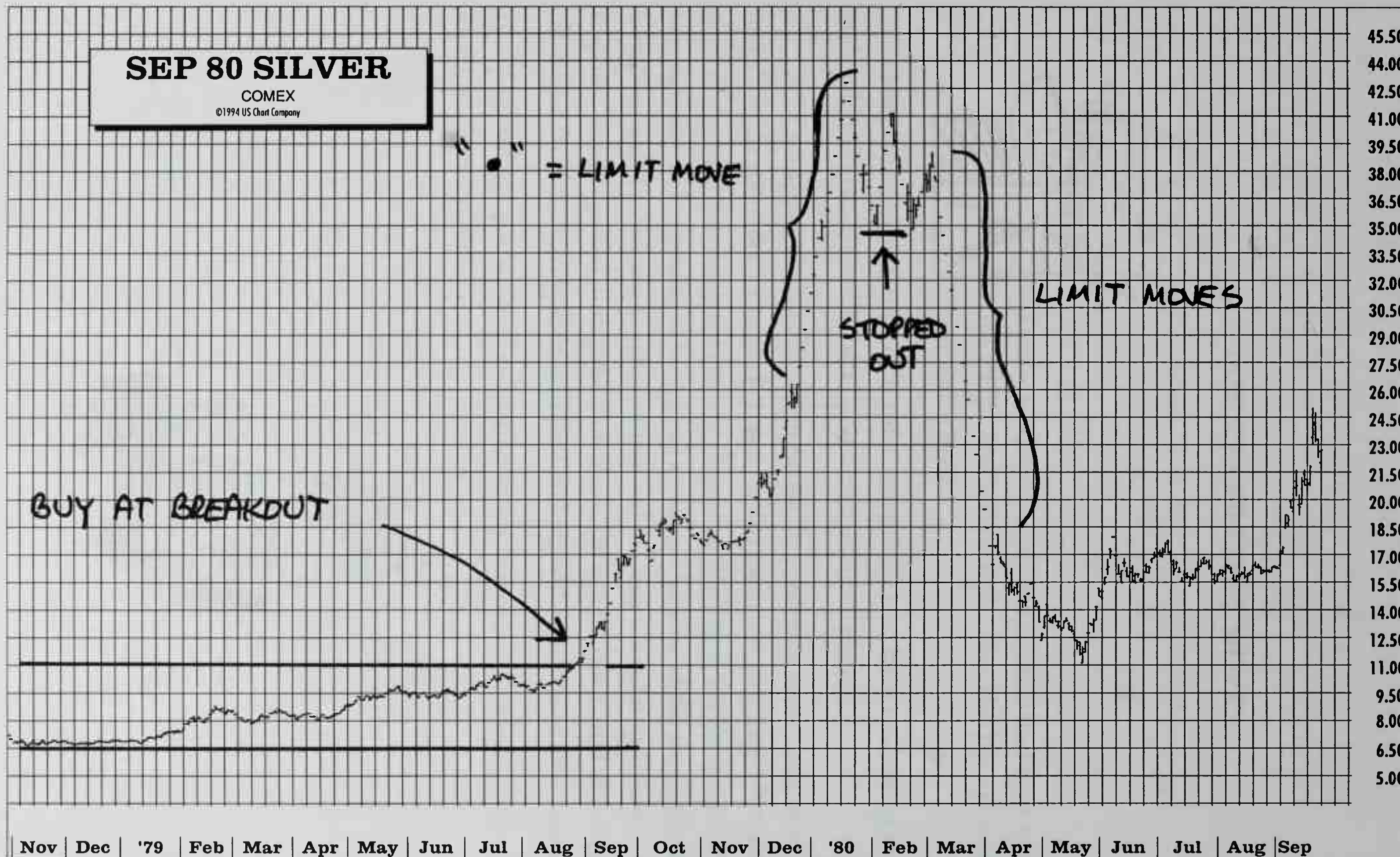
*Years later I learned that Ted Warren had since passed away, and I located his widow. We spoke many times and she told me that for the first time she had found someone she could trust with her husband's work. She sold me the exclusive rights to his material and I republished it word for word. Ted Warren's "How to Make the Stock Market Make Money for You" is now available through my office. The last three chapters of this book are titled, "Poverty to Wealth: My Experience in Futures."


YOU NEVER KNOW WHAT YOU CAN DO UNTIL YOU TRY!
STATE PRISON
EXIT
SID'S SIGNS
GREG

Gold prices stayed within a narrow, sideways channel with prices between $260 and $300 per ounce the first part of 1979. In May of that year, prices broke out of the "snaking channel" and hit a high of over $900/ounce in January 1980, then dropped rapidly to $680/ounce. If you had spotted this opportunity and bought one gold contract at $320, stayed aboard, and been stopped out at $680, that one contract would have returned $36,000 in eight months!



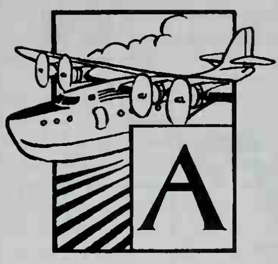
Margin on platinum today is about $2,000/50-oz. contract. Each $1 move in price equals $50 profit or loss. Profit on one April 1980 platinum contract (buying at $500 and getting stopped-out at $780) was $14,000 in four months' time! 700% in four months.



Remember the Hunt brothers?! Silver contracts control 5,000 troy ounces of silver and a one-cent price move equals $50 profit or loss. The average trader following the plan outlined in THE WORLD'S MOST POWERFUL MONEY MANUAL could have easily entered this market at the $11 breakout and been stopped out at $35. Margin was approximately $1,000 and would have yielded at $120,000 profit in six months per contract!

CHAPTER FOURTEEN

LIMITS AND LIMIT MOVES



As we've already seen, futures contract trading is strictly regulated by the CFTC and various limits have also been placed on price movement itself.

Minimum and maximum daily price movements have been established and these are outlined in a current "details chart" your broker will provide you.

A "-" on a price chart, such as you see on the preceding silver chart, indicates that a "limit move" in that commodity's price occurred on that particular day. The "-" tells you that a price has risen or dropped the maximum amount allowed, according to the Exchange rules. During limit moves, it may be impossible to buy or sell a contract because of the sheer speed at which the price is moving. Limit moves are an inherent risk and blessing in the futures markets: A risk if your stop-loss order is passed during the limit move, but not executed until the price "settles"; a blessing if the limit move speeds your profits along with much more momentum.

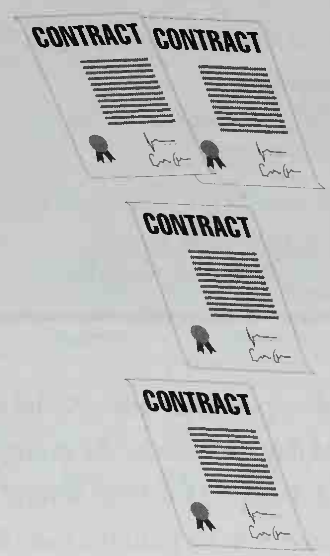
Depending upon the futures contract, many of them have no price limits during the nearest-expiring contract month(s).

If you saw the movie Trading Places, you saw how limit moves and pyramiding are double-edged swords. Let me illustrate using an example you were likely aware of:

No doubt you heard about the orange trees freezing in Florida on the evening news in December 1983. But other than going to the grocery store and stocking up on orange juice, how could you have made a profit on this piece of news? By turning to an orange juice price chart! The price jumped "limit up" three days in a row (no one was willing to sell his contracts at the maximum daily price allowable). On December 30th, however, people were selling. Let's suppose you bought one May 1984 orange juice contract on December 30th at $1.46. Every one-cent move in orange juice price equals $150 profit or loss (an orange juice contract controls 15,000 pounds; therefore, 15,000/100¢ = $150). The margin requirement on an orange juice contract at that time was approximately $3,000, so every twenty-cent rise in price would allow you to pyramid and internally finance another orange juice contract:

Dec. 30th	**Buy one Orange Juice contract @ $1.46**	**Expense = $3,000** (Out-of-pocket)
Feb. 27th	**Buy one Orange Juice contract @ $1.66**	**Expense = $0** (Out-of-pocket)
April 27th	**Buy two Orange Juice contracts @ $1.86**	**Expense = $0** (Out-of-pocket)

You have pyramided your gains, but actually have constructed an inverse pyramid: As you can see, this isn't a very stable structure …



- Third & Fourth Contracts

- Second Contract

- First Contract

At $1.90, your orange juice business looks like this:

First Contract Bought @ $1.46 = 44¢ Gain x $150 = $6,600 Profit

Second Contract Bought @ $1.66 = 24¢ Gain x $150 = $3,600 Profit

Third & Fourth Contract Bought @ $1.86 = 04¢ Gain x $150 = $1,200 Profit

Total Profits to Date:

$11,400 on a $3,000 Investment = 380% in Less than 5 months

Now orange juice prices will, sooner or later, reverse and we've provided for this by establishing a liquidation point using a stop-loss order. In this way, we're letting the *market itself*

tell us when to close our business. The original narrow, sideways channel was about "six-cents wide," so we decided to trail our stop-loss by six cents. At $1.90, then, our stop-loss order had been raised to $1.84. The week before April 18th (see next chart), a reversal occurred and our stop-loss order was triggered. Prices dropped to just under $1.78. We'll suppose our stop-loss order wasn't executed at precisely $1.84 (the markets don't stop, remember), but, rather, at $1.80. Here's how our orange juice business was closed out:

First Contract Bought @ $1.46 and sold @ $1.80 = 34¢ Gain = $5,100 Profit

Second Contract Bought @ $1.66 and sold @ $1.80 = 14¢ Gain = $2,100 Profit

Third & Fourth Contracts Bought @ $1.86 and sold @ $1.80 = 06¢ Loss = ($1,800) Loss

Total Profits to Date:

Gross Profits = $5,400

Subtact $100 commision per each contract (-$400) = $5,000 Net Profit

$5,000 Profit on a $3,000 initial investment
= 166% Return on investment (ROI) in 4 months

What if, for example, orange juice prices had dropped limit down? The established (legal) limit on orange juice prices is five cents/day. The last day we were in the orange juice business prices went to just under $1.78, but what if they had dropped the limit several days in a row? The first day they dropped from $1.86 to $1.81. Then dropped the limit the next day: $1.81 to $1.76. And the next: $1.76 to $1.71, when we were finally stopped-out of the market. Here's how that would have looked:

First Contract Bought @ $1.46 and sold @ $1.71 = 25¢ Gain = $3,750 Profit

Second Contract Bought @ $1.66 and sold @ $1.71 = 05¢ Gain = $ 750 Profit

Third & Fourth Contracts Bought @ $1.86 and sold @ $1.71 = 15¢ Loss = $4,500 Loss

Total Profits to Date:

Gross Profits = $0

Subtact $100 commision per each contract (-$400) = $400 Net Loss

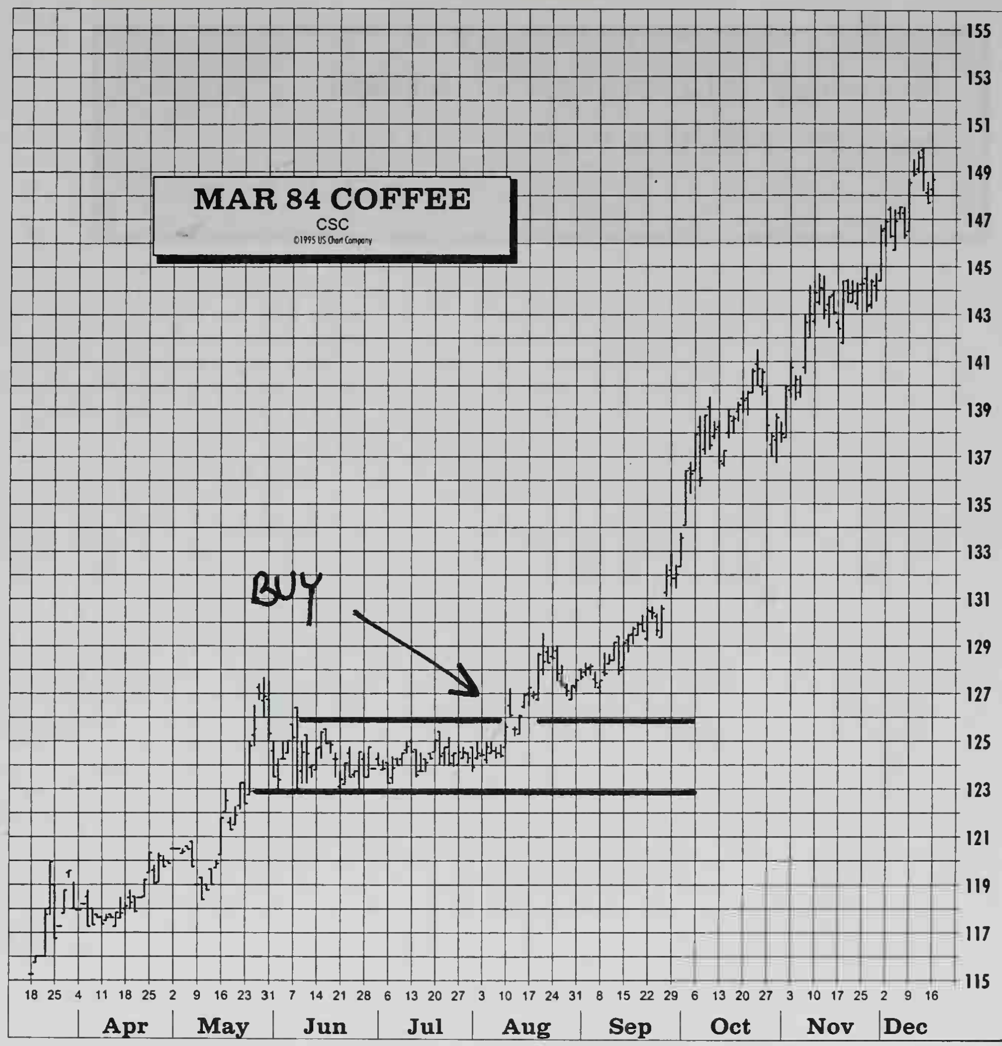
... Do you see how pyramiding works *both* ways?

Although pyramiding can be used to make one very rich very quickly, it can also cause one to go broke very quickly. That's not the rule, but it is a distinct possibility that *always* exists in the commodities markets. For this reason, many traders tend to *"pillar"* instead of pyramid: add only *one* new contract as profits allow. The pillar structure is more stable than an inverted pyramid.

Profits don't mount up as quickly, but risk is *drastically reduced.*

Some commodity businessmen and women are so fearful of the always-present possibility of limit moves that they deal in COMMODITY OPTIONS only, where margin calls and limit moves are effectively nipped in the bud and totally eliminated (see "INSURANCE" chapter coming up.)

Is this a bull or bear market? Margin on a cotton contract was about $1,000 and controlled 50,000 pounds. How much is each one-cent price move worth? Where did the breakout occur in 1979? If your contract had been stopped out at 78¢, what would your profits have been on one contract? On two contracts?



Coffee is traded in contracts of 37,500 pounds. Each one-cent price move, therefore, equals \$375 profit or loss.

Could you have recognized this "coffee channel"? If you had, and purchased one March 1984 coffee contract at the breakout (\$1.26/lb) on August 4th, on September 2nd, at \$1.28/lb, your profits would already have been \$750.

By December, prices had reached \$1.50 a pound! That's \$9,000 per contract. If you had "pillared" — added only one new contract as profits accumulated and equaled enough margin to support another contract — you would have added a second contract at approximately \$1.43 …

1st Contract	**($1.26 to $1.50)**	**= $9,000**
2nd Contract	**($1.43 to $1.50)**	**= $2,625**
		or $11,625 by December

CHAPTER FIFTEEN

THE "LAWRENCE WELK" CONFIGURATION

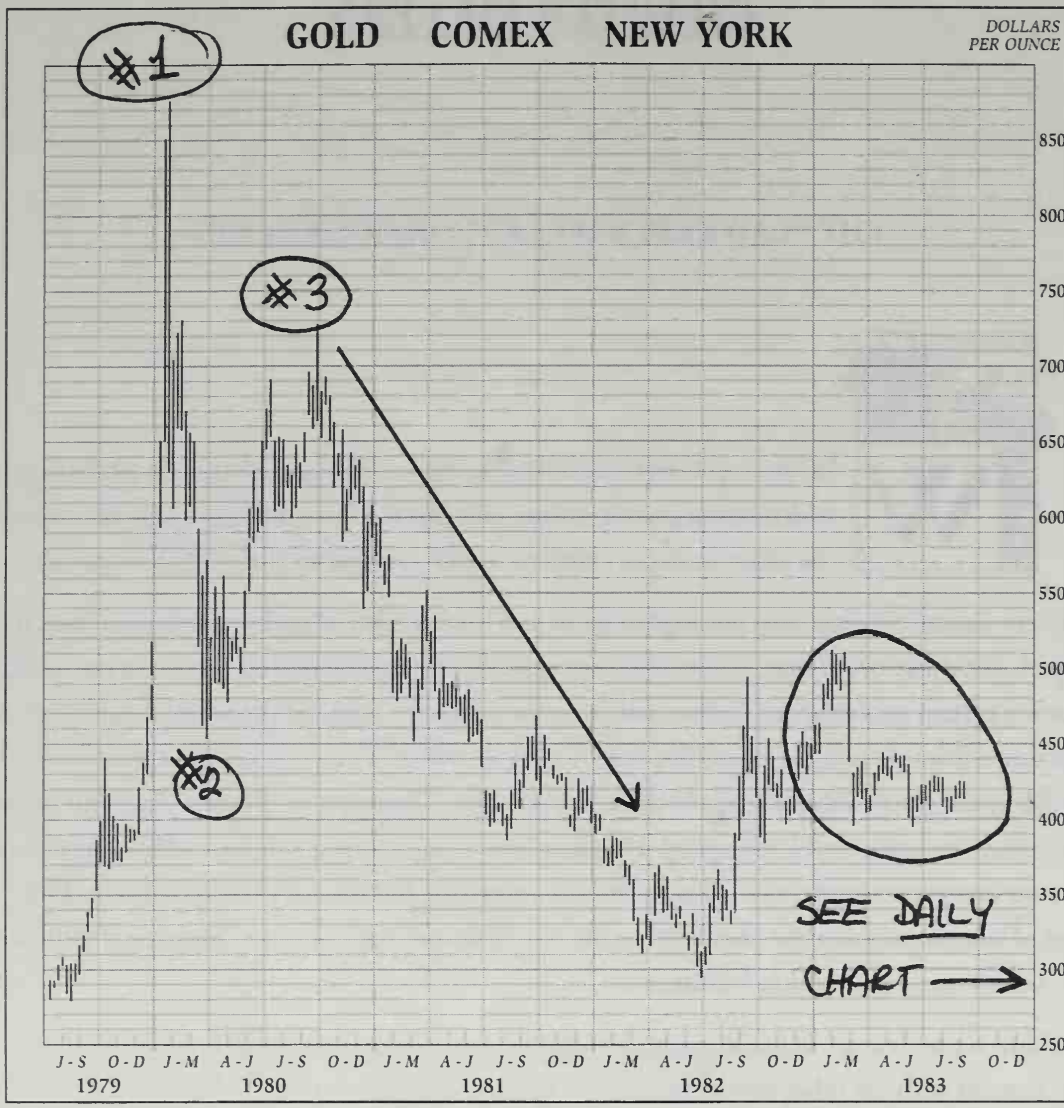
What goes up must come down." In the world's one perfect business, we don't care which way prices are moving, only that they *are* moving, for movement equals the momentum our contracts require to duplicate and multiply themselves.

Every commodity has only *one highest point* and only *one lowest point* during each year. If you could pick just these two points, you would very quickly become the richest person in the world! If you knew a certain commodity's highest price, you would sell a contract (knowing the price could only go down from there!); you wouldn't even need a stop-loss! Then you could sit, wait, and rake in the profits as the price eventually reached the lowest point. Then you would liquidate your position and, knowing the price could only go up from that lowest point, buy a contract, sit back again and watch your margin account grow! That would be wonderful, but it's not likely to happen. The chances of you pinpointing the one "top" or the one "bottom" each year are one in over 200 trading days — not something to build a business on.

There *is* a technique to use in spotting major market tops and bottoms, however, and, when used in concert with the other fundamentals you've been introduced to in THE WORLD'S MOST POWERFUL MONEY MANUAL, it can raise your business success rate to an even higher level, which we're now getting used to in the world's one perfect business!

This fundamental technique is called "1-2-3 TOPS AND BOTTOMS."

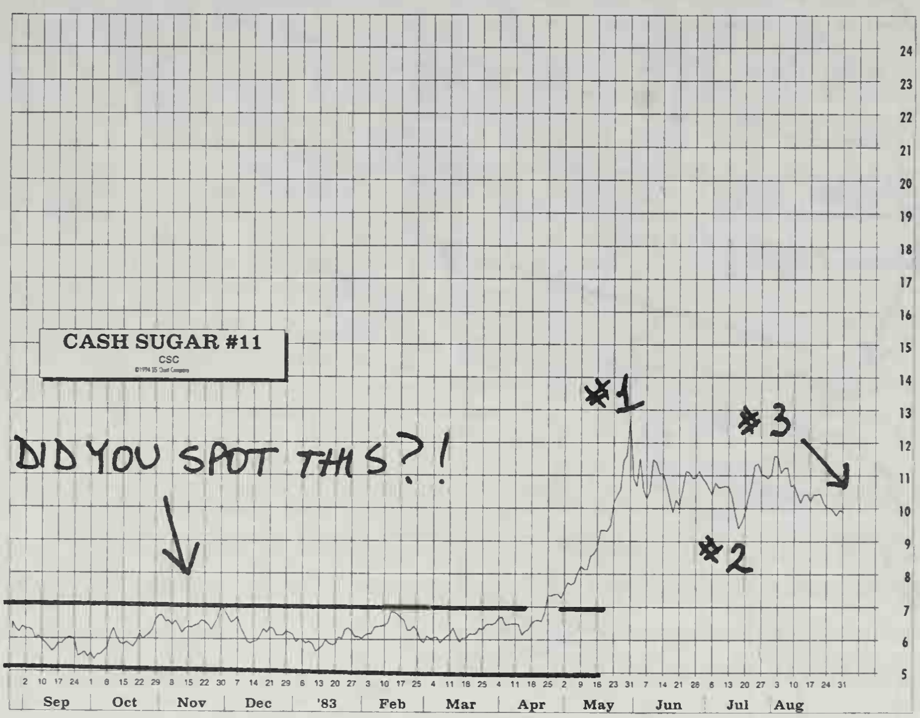
To spot the potential market top of any futures price, watch for A NEW HIGHEST PRICE DURING THE PAST TWELVE MONTHS (point #1). Watch for the price to drop below that #1 point, and again climb (leaving behind a #2 point). As the climb up from the #2 point approaches, BUT NEVER EXCEEDS, the #1 point, a #3 point is formed. Seriously consider selling one contract (you're bearish — expecting prices to collapse) when prices drop below the #2 point, placing your stop-loss above the #1 point. Continue trading this way, from the short side, moving your stop-loss down as profits accumulate.



Weekly charts show the high and low for the week of the nearest futures contract. Each year on the chart has 52 lines. Here's a weekly-chart-view of a one-two-three top in gold in 1980. That drop from the #3 point ($730) to the low at the end of June 1982 ($300) equaled $430. That's $43,000 per contract in approximately two years. You could have spotted this sharp decline in prices using the fundamentals you're learning in THE WORLD'S MOST POWERFUL MONEY MANUAL!

Here's a daily-chart view of the 1983 gold activity circled on the preceding weekly gold chart:

Quite a different view from that area circled on the last chart, isn't it? It's very helpful to gain different perspectives of the same events. The drop from just above $540 in February, 1983 to around $430 in March, 1983 meant $11,000 per contract for those traders who spotted and acted upon this one-two-three top in gold.

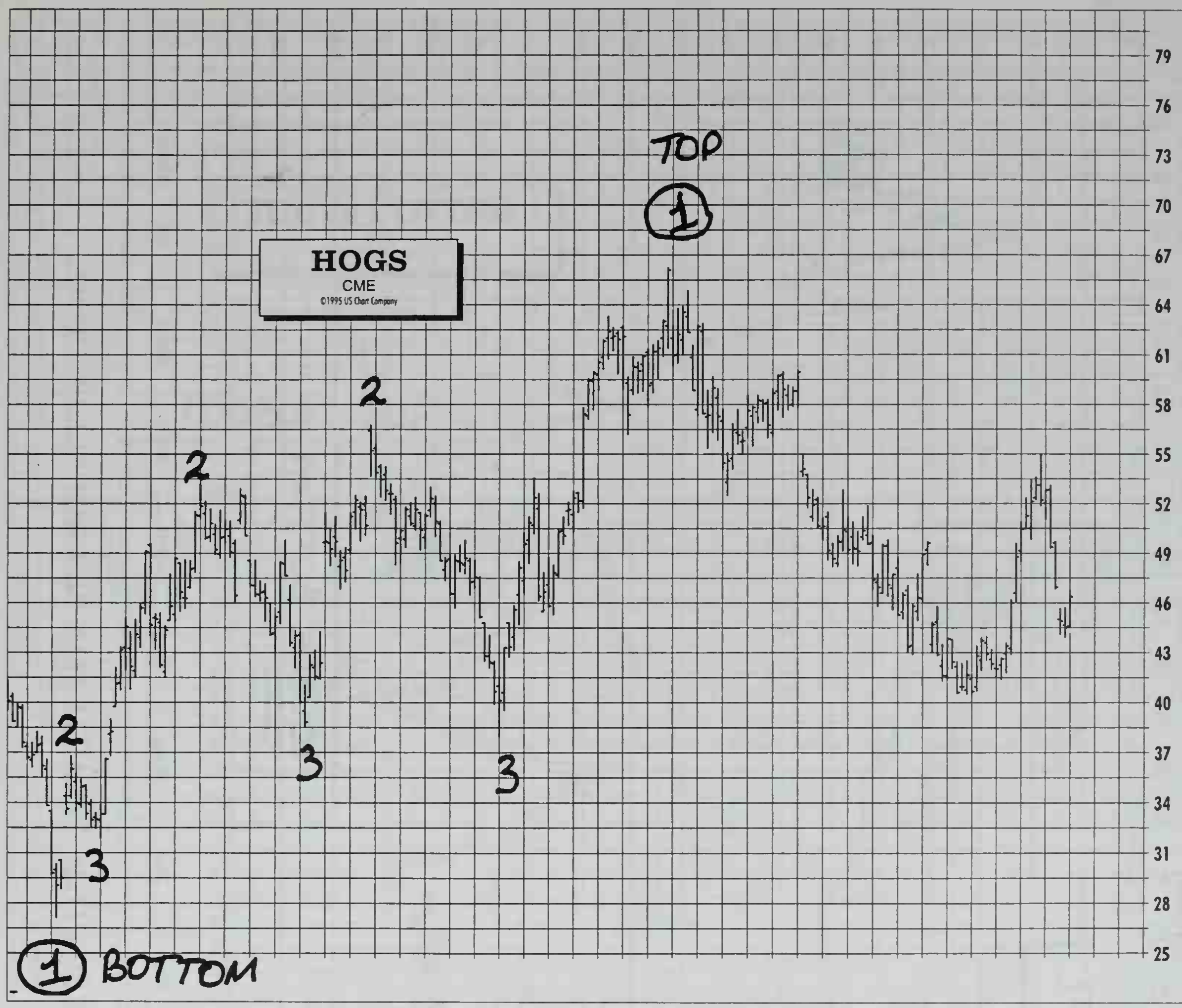


In a bear market, you'll observe a commodity's price dropping. If this significant downtrend represents a new low during the past twelve months, watch for a #1 point (bottom) to be established. The price will "rebound" from that #1 point, climb to a #2 point, and turn around again approaching, but never hitting, the already-established #1 point. An ascent will follow and

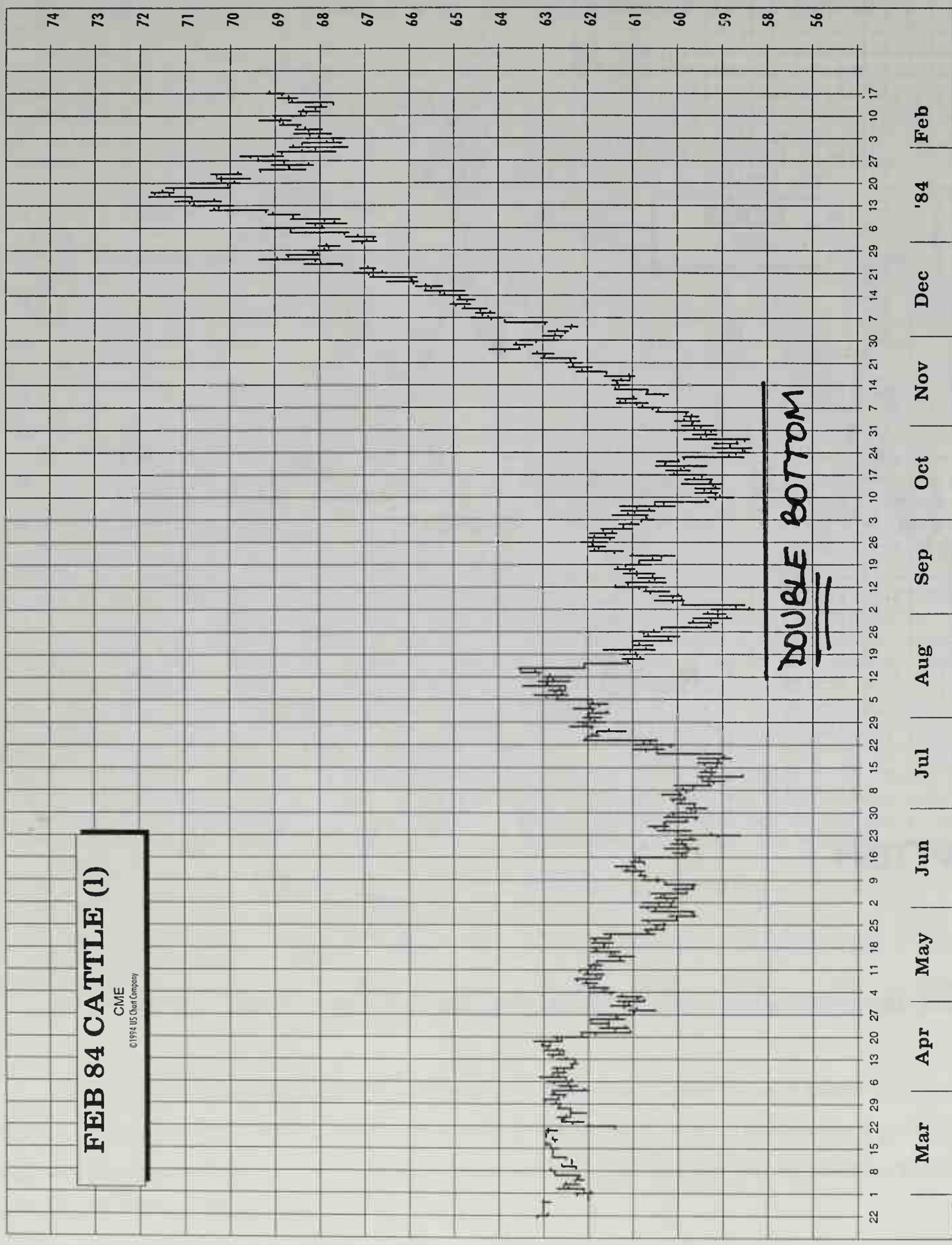
you just found a genuine 1-2-3 bottom. Buy (go long) one contract — you're "bullish" now, expecting prices to rise. Place your stop-loss just below the #1 bottom and ride the uptrend until your advancing stop-loss is hit.

Locate and build a business on just one major top or bottom each year and it can tide you over financially while you're watching your charts for another 1-2-3 top or bottom …

A more cautious approach to trading off 1-2-3 tops and bottoms is to place your buy or sell order (an open order) just above (for a possible 1-2-3 bottom) or just below (for a possible 1-2-3 top) the #2 point. This way, price activity must confirm that this formation you're watching is, indeed, a 1-2-3 configuration.



Commodity prices can have several #2 and #3 points, but have only one #1 point.



A 1-2-3 BOTTOM CAN ACTUALLY BE A DOUBLE BOTTOM.

AND A 1-2-3 TOP CAN ACTUALLY BE A DOUBLE TOP.

IS THIS A 1-2-3 TOP OR A 1-2-3 BOTTOM?

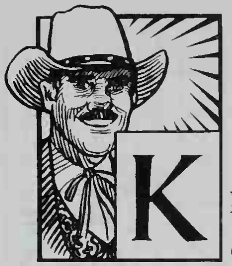
Each #1 point is a life-of-contract high and low, so which is correct?

THIS IS A 1-2-3 TOP BECAUSE YOU CANNOT USE A LIFE-OF-CONTRACT HIGH (THE #1 POINT) AS A #2 POINT FOR A 1-2-3 BOTTOM. LIFE-OF-CONTRACT HIGHS OR LOWS ARE #1 POINTS ONLY AND CANNOT BE USED AS #2 POINTS.

SO HERE WE HAVE A SOLID 1-2-3 TOP, BUT NOT A 1-2-3 BOTTOM.

CHAPTER SIXTEEN

SENSIBLE RECORD-KEEPING



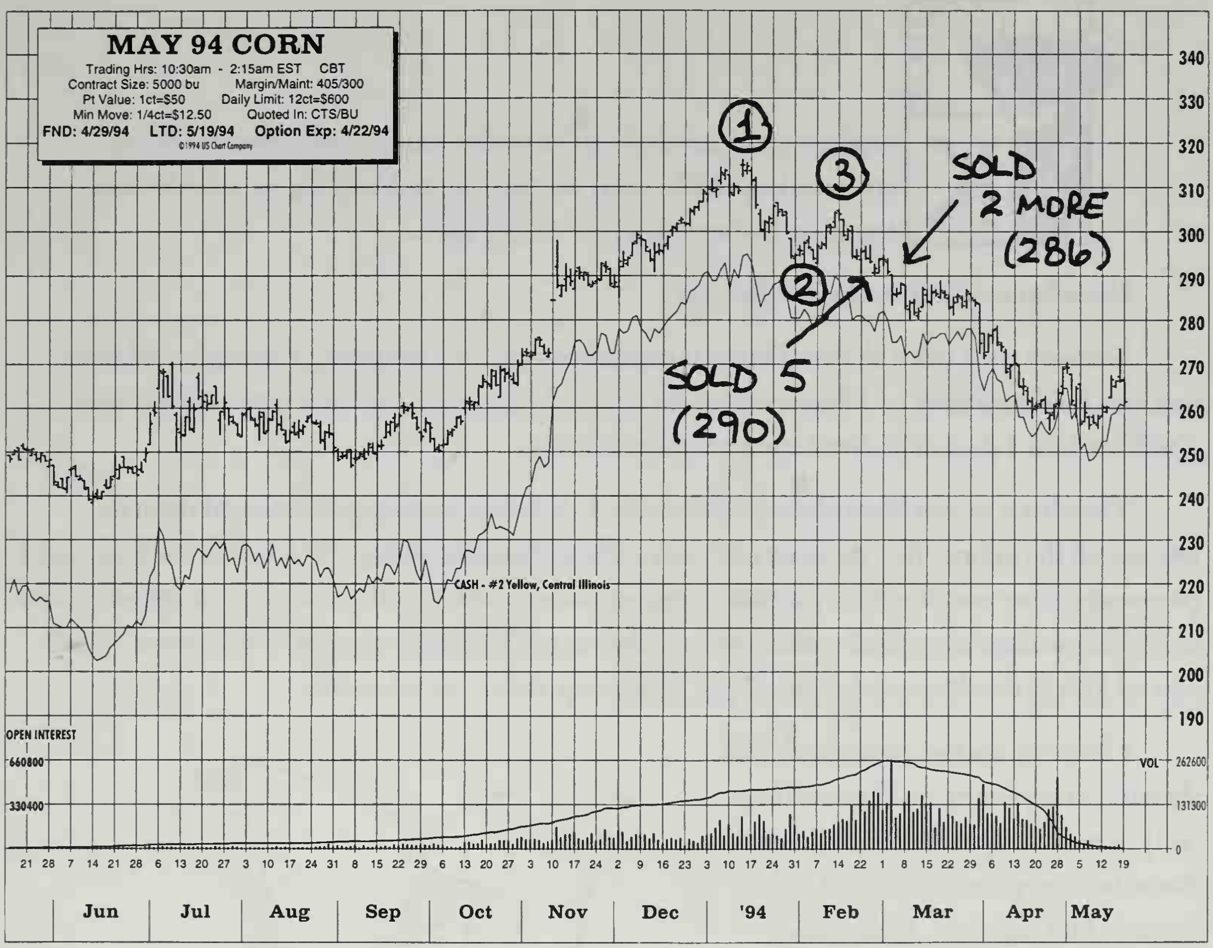
Keeping a good, accurate set of books is an essential element of any business but, unlike most endeavors, bookkeeping for your futures contracts business is a very simple task.

Use what you find works best for you.

You may want price charts of those commodities you're anticipating trading in and those you may hold positions in. I find notating my charts the simplest, easiest way to keep records. You'll see how I do this in the chapter on paper trading.

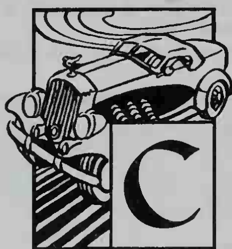
The charts in this Manual are published by U.S. Chart Company. I designed them to provide all the information necessary for successful technical trading. I took out all the junk that I personally never use. My theory is that all the jargon and trading indicators were designed by men to impress women at cocktail parties. Keep it simple and stick to the basics. Common sense tells you, as I do in this Manual that prices can only go up, down, or sideways.

I keep my trading notes in red ink directly on my charts and update them daily or weekly by calling my broker. Some brokers provide free updates through 800 numbers. While paper trading, the Alert-Line! provides the information you need to get started. Most communities also now have exclusively financial TV programs that often show commodity prices at regular intervals.

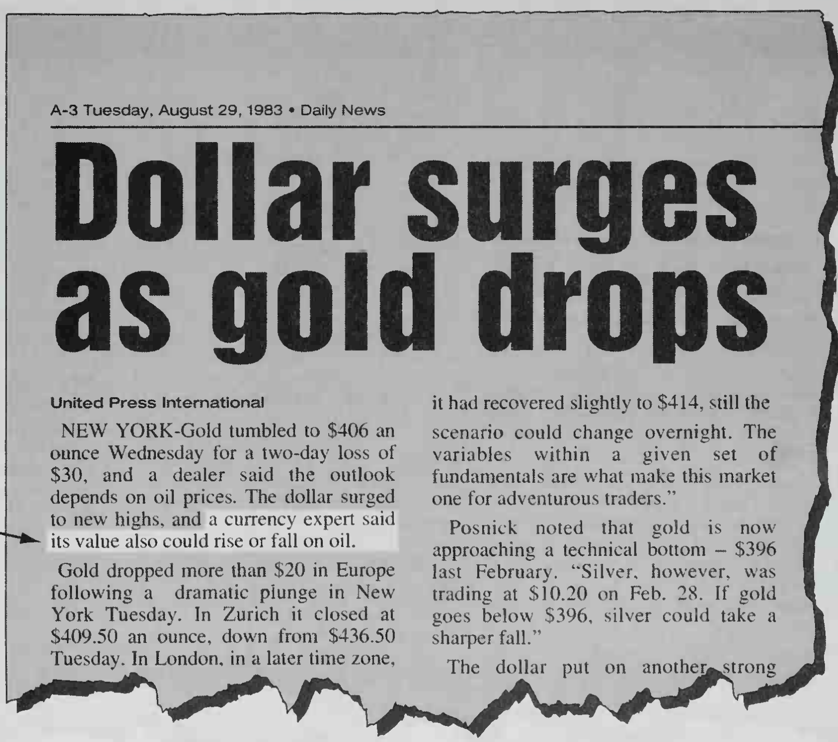

MAY 94 CORN
Trading Hrs: 10:30am - 2:15am EST CBT
Contract Size: 5000 bu Margin/Maint: 405/300
Pt Value: 1ct=$50 Daily Limit: 12ct=$600
Min Move: 1/4ct=$12.50 Quoted In: CTS/BU
FND: 4/29/94 LTD: 5/19/94 Option Exp: 4/22/94
1
3
2
SOLD 2 MORE (286)
SOLD 5 (290)
CASH - #2 Yellow, Central Illinois
OPEN INTEREST
660800
330400
VOL
262600
131300
0
340
330
320
310
300
290
280
270
260
250
240
230
220
210
200
190
21 28 7 14 21 28 6 13 20 27 3 10 17 24 31 8 15 22 29 6 13 20 27 3 10 17 24 2 9 16 23 3 10 17 24 31 7 14 22 1 8 15 22 29 6 13 20 28 5 12 19
Jun Jul Aug Sep Oct Nov Dec '94 Feb Mar Apr May

CHAPTER SEVENTEEN

CASH-BASIS



Cash prices can reveal an extremely important relationship that is apparently little-known, for you'll rarely hear it mentioned. I watch the financial (TV) station most every day in my office, not to hang on every tick of commodity prices, but to see various guests and hear their recommendations and predictions — for amusement purposes, mainly. Do this for a while and you'll never be intimidated by a "sophisticated economist" again!



A-3 Tuesday, August 29, 1983 • Daily News

Dollar surges as gold drops

United Press International

NEW YORK-Gold tumbled to $406 an ounce Wednesday for a two-day loss of $30, and a dealer said the outlook depends on oil prices. The dollar surged to new highs, and a currency expert said its value also could rise or fall on oil.

Gold dropped more than $20 in Europe following a dramatic plunge in New York Tuesday. In Zurich it closed at $409.50 an ounce, down from $436.50 Tuesday. In London, in a later time zone, it had recovered slightly to $414, still the scenario could change overnight. The variables within a given set of fundamentals are what make this market one for adventurous traders."

Posnick noted that gold is now approaching a technical bottom – $396 last February. "Silver, however, was trading at $10.20 on Feb. 28. If gold goes below $396, silver could take a sharper fall."

The dollar put on another strong

Brilliant!!

Economic theory rethought

Bill Neikirk

WASHINGTON - One of the more interesting economic stories in the papers lately was how a group of international economist had decided to begin a lengthy study on why their theories no longer seemed to be working.

There's no wonder why. In the United States, Europe and Japan, there are 32 million people out of work. Interest rates are enormously high, budget deficits are at record levels, exchange-rate policy doesn't seem to be working and international debt is a potential disaster.

The record of the last 10 years is enough to cause a sober reassessment. Neither the theories of John Maynard Keynes, the British economist who had influenced U.S. and other industrial nations' economic policy since the Depression, nor of the monetarists such as Milton Friedman seem to have been working.

In the United States, the economy has swung back and forth between high inflation and high unemployment since the early 1970s Only the disastrous experience with wage and price controls held inflation in check while unemployment also was down.

Furthermore, the jobless rate has continued to ratchet upward with each new episode of recession. Economists concede that their definition of "full employment" - the best unemployment rate that can be achieved without reigniting inflation - has risen to the range of 8 percent or more.

A brief flirtation with monetarism at the Federal Reserve Board has given way to much more flexible policies. The Fed found that it couldn't reconcile the textbook theories of Friedman with the real occurrences in the economy. Now, it's concentrating on promoting economic recovery while casting about for an operating procedure that makes sense in these times.

Paul A. Volcker won reappointment as chairman of the Fed not because he had followed an economic theory to the letter but because he proved to be an extraordinary crisis manager who created his own theory from day to day.

Supply-side economists, a sometimes bitter and whiny bunch, are still trying to pin the blame on others for the failure of theories they took entirely too far. They were excellent at assessing the shortcomings of Keynesian economics, which has dominated U.S. policy since the 1930s. They were terrible when it came to propounding their own policies. Yet they got across their tax cut, even though it enlarged deficits and, some contend, had an effect on interest-rate levels.

At this juncture in history, the United States finds itself left with an economic policy that features monetarism, Keynesian and supply side-ism dashes. No one is quite sure where this recipe is taking us.

That's why this new study of economic theory could be particularly useful. In announcing the study, the group of international economists commented that economic theory had failed to take into account the impact of new technology on society. It could be much more perverse than previously believed, despite the improvements in productivity, they indicated.

Wassily Leontief, the Nobel Prize-winning economist famed for his input-output method of analysis, is one who believes that the neglect of technological change is one of modern economics' biggest failures.

Leontief scorns the fascination of the profession with complicated economic equations based on relationships and theories relating to some previous time in history. These equations, perhaps, amount to nothing more than extending faulty theories into the future.

Perhaps the nation and the world have entered a new economic era with rules and relationships all its own. No doubt many of the old economic verities will hold true, but each new era demands new theories so as to ensure the maximum amount of prosperity for everyone. That's why this new study should be especially welcomed by all, including those who have seen their theories loaded onto the garbage truck.

Bill Neikirk writes for the Chicago Tribune.

In the world's one perfect business, it doesn't matter what's happening, or why! All we need is activity.

In all the time I've been tuning into this "investment spectrum" series of "expert" interviews (and I've seen hundreds of them), not one has ever mentioned cash-basis!!!

Cash-basis is very simply the cash price of a commodity in relation to the current futures price (nearest contract month). If the cash price of a commodity is greater than the nearest futures price it has a positive basis; if the cash price is less than the nearest future's price, it has a negative basis.

A sharp change in the basis can signal important futures price changes.

FUNDAMENTAL: Without cash prices, there could be no futures prices! Never go long (buy a contract) unless you expect cash prices to advance, and never go short (sell a contract)

unless you expect cash prices to decline. Cash prices act as a kind of "rubber band" in relation to futures prices. If futures prices are well above cash prices, expect cash prices to "pull" futures prices back down, etc.

Cash-basis immediately shows you if you would be paying "wholesale" or "retail" for a commodity and, as we've seen, this information can be vital to profitable positions. Cash-basis can be your "crystal ball" that every trader wishes for; many times you'll find yourself aware of major moves in prices long before most other traders even realize what's happening!

The story goes that Rockefeller abandoned all his stock market activities when one day his shoeshine boy offered him a "hot tip" on a certain stock. "When the man on the street starts talking about it," Rockefeller is reported to have said, "I want out!"

Cash-basis can often prepare you for an upcoming rise or decline in prices and, therefore, help you successfully enter and exit the market opportunely.

CHAPTER EIGHTEEN

INSURANCE

How would you like an insurance policy on a new business you think you'd like to open? You can put up a good-faith deposit on this business insurance policy ("pay the premium") which gives you the *right*, but *not the obligation*, to purchase this business at a set future date. If the business takes off like you believe it will, it's yours! If it fails to generate the profits you expected, you walk away from your option, losing only the premium you paid.

This is done in the real estate business frequently.

Suppose you spot a "sleeper" property up for sale. You investigate and learn that the owner has moved to Australia, needs to sell this property quickly, and is asking $100,000.

You feel that it's actually worth $125,000 and, given a little time, believe you could find a buyer at $125,000.

Rather than put up a large down payment, go through the headaches and expense of obtaining new financing, and having to make monthly payments on that new loan while trying to resell the property, you approach the seller's local real estate broker and offer $1,000 cash for a 90 day option. In essence you're saying, "I would like to lock in the right to buy this property for $100,000 within 90 days. If I fail to do so, however, I am under no obligation and will forfeit my $1,000 cash."

Why would you risk $1,000? For the opportunity, the chance, to realize a $25,000 profit on a $1,000 investment. That's 2,500% in 90 days (over 10,000% annualized!), if you can find a buyer at $125,000 in 90 days.

You believe you can, so you pay the premium ($1,000), assume the risk, and begin searching for a buyer to make your deal work.

You do find such a buyer within 90 days, he has a large down payment, and qualifies for a

new loan for the balance. His down payment and loan proceeds are deposited into escrow which you use to exercise your option to buy the property for $100,000. Commissions and fees are disbursed, and you walk away with, say, a $10,000 net profit. That's $10,000 on your $1,000 "premium," which is "only" 1,000% (4,000% annualized)!

J. Paul Getty instructs, "A businessman must be willing to take risks ... when, in his considered opinion, the risks are justified."

This real estate speculator (businessman) did his homework, established a plan, took action, put himself at the top of his own pyramid (not someone else's) by leveraging $100,000 with only $1,000, and used that contract (option) to generate a 1,000% profit within 90 days. Smart? Yes. Shrewd? Yes. "Risky?" Yes. Something you could do? Yes. Have you done it? Probably not. Why? Because of the legwork involved and the time required to make this deal work. Maybe the *big if* bothers you: "What *if* I couldn't find that buyer at $125,000?" You'd have to plan, investigate, learn what the probability of finding such a buyer is.

But what if I told you the *big if* of finding a buyer can be *eliminated*? Now you're interested ...

Options in the futures markets are exactly the same as the example above, but better! You spot a "sleeper," pay your premium (which is all you risk — you are *guaranteed not to lose more*), and if the price moves the way you expect it to, you liquidate your option and take your profits. The buyer problem in real estate is rarely a problem in the futures markets: *instant liquidity*!

I'll talk about three basic but powerful techniques for using options in Part 2 of this Manual...

CHAPTER NINETEEN

PUTTING IT ALL TOGETHER

DEVELOP YOUR COMMON SENSE. Nothing is more *uncommon* than *common sense*! Learn to spot special profit opportunities developing by watching your price graphs and newspaper headlines.

...DECIDE WHICH BUSINESS (commodity) you would like to go into and which contract month you wish to enter.

...PRE-DETERMINE (plan, plan, plan!) the price at which you will enter this business as determined by your planning, utilizing a cash-basis chart and price graphs.

...PRE-PLAN the amount of capital you're willing to commit to this particular business. Will you elect to use a futures contract, mini-contract, or option?

...PRE-SET your stop-loss points and instruct your broker to establish these WHEN YOUR ORIGINAL CONTRACT IS BOUGHT OR SOLD.

...PRE-SELECT a point at which you will end your business — after $1,000 profit? $2,000, $5,000, $15,000? Or will you let price momentum and your stop-losses decide automatically?

...TRADE AS LITTLE AS POSSIBLE.

...MAJOR MOVES are what we anticipate, not daily fluctuations (this is called "day trading" and results in tremendous losses for most traders). Compulsive gamblers tend to day trade!

...MAKE SUCCESS A HABIT. You must know what success feels like in order to handle it! In the world's one perfect business, you can experience reality — no guessing games! Benefit from this by running businesses ON PAPER before you ever open a margin account! "Everything s/he touches turns to gold" simply says that person has developed the habit of succeeding. Success is a habit; it must be learned.

...GO SLOWLY. How do you eat an elephant? One bite at a time! "A journey of a thousand miles begins with but one step." You hold that opportunity in your hands. Make it a priority to study what you've learned here for just 15-30 minutes each day. Albert Einstein stated that anyone with a functional brain can soon become an expert in any field if he or she would simply study that subject only 15 minutes a day! You don't have to enroll full- or part-time in a university, give up one day or one evening a week, quit your present job, or ignore your family. You don't have to risk your rent money, drain your (dwindling) savings account, borrow on your credit cards, cash in your life insurance, forego the children's braces, or feed the baby only once a day!

All the world's one perfect business demands is 15-30 minutes a day to prove itself to you and to demonstrate that the fundamentals in this Manual are sound, that they actually work — and will work for you, too!

Give this business just 15-30 minutes a day and you can have all the time in the world on your hands! Your only financial concern will be how to spread the wealth — how to preserve the wealth you've accumulated!

I challenge you to prove me wrong!

CHAPTER TWENTY

"SECRET" TO SUCCESS: KEEP ON KEEPIN' ON!

When you exercise, you're not building muscles until it begins to hurt! All the exercise prior to that "hurting point" are the "dues" that have to be paid to reach the goal.

Joggers, for example, don't receive any benefit from their effort until they reach their "second wind." That can take 8 to 20 minutes and several miles of "dues"!

SPOT IT, ACT ON IT, STAY WITH IT, AND YOU'LL REACH YOUR GOAL.

If you're not prosperous, if there's something — anything — that you haven't achieved, you've missed the boat somewhere along the way and failed to recognize the opportunities that would have produced your heart's desires.

But the good news is that opportunity *abounds*. There's plenty for everyone, and all you have to do is *know* an opportunity when you *see* one. That's what THE WORLD'S MOST POWERFUL MONEY MANUAL is all about.

You may be a believer in lack and insufficient supply: "There's not enough to go around," "Very few people reach the upper class," "Settle for less," "Be grateful for what you have, and want no more," "Luxuries are just too high-priced for the majority," and on and on. That's what politicians (who don't know inflation personally — how many of *them* are unemployed?), the press, and some religions want you to believe, but THAT KIND OF THINKING IS OUTRAGEOUSLY WRONG! This book shows you, conclusively, that that's all a great lie!

Now, let me share about ten years' worth of studying religion and philosophy: If God (the Cosmos) is all that exists, and if the purpose of life is to "love God and enjoy Him (the Cosmos) forever," then your sole mission here on earth is to experience all the good that the Cosmos has to offer. And if you have any unfulfilled desires, be glad! That's life in you saying, "Get out there and experience more than you are now!" The only obstacles between you and all that you desire are either self-made or manmade. They aren't made by the Cosmos, because everywhere you look,

the Cosmos is abundant — super abundant. Wouldn't a tree be just as beautiful and still "efficient" and productive with only half as many branches and leaves? Wouldn't the sky be as breathtaking with only half the stars? A beach would be just as much a beach with only half the sand. We only use 5-10% of our brains as it is, and it would take 250 years of living to saturate it!

Did you know that enough fruit and vegetation rot on jungle floors around the world each year to feed the world's population several times over? Did you know that America alone has enough resources to provide a four-bedroom, two-story home for every man, woman, and child? Why are U.S. farmers paid *not* to grow crops?

The only answer to inflation, unemployment, lack, anxiety, and a generally lousy outlook and hopeless future forecast is to enjoy life more. If you do, others will automatically benefit. That's the way this wonderful world works! Who, or what, can you possibly injure by living life and partaking of all the richness that's out there to be enjoyed? There's a quote by Vernon Howard that I love and know to be true: "What you want also wants you."

A QUESTION ONLY YOU CAN ANSWER

Now what? Are you going to act on the information in this Manual, or will it stand, stagnant, beside the other life-less books in your library?

Let me ask you this: How's your life going now? Are you happy, as prosperous as you'd like to be? Prosperity is a quality of life, not a certain amount of money. No one wants money, anyway. Did you ever consider that? People long for what money can provide: food and shelter, a

comfortable home, pleasant surroundings, education, gifts for people you love, financial support for a cause you believe in. There's nothing at all wrong with desiring those things! Those desires and urges are the *inner you* trying to break free.

I had a problem about money for the longest time; I thought it was "evil" to desire material things…didn't the Bible say, "Money is the root of all evil"? Then I learned the Bible doesn't say that at all! It says, "The *love* of money is the root of all evil"! What a difference! How could those inner urgings we have be "evil"?

So again let me ask, "Are you willing to act on the information in this Manual? Will you invest only 15-30 minutes a day to learn these simple skills and develop a working understanding of this wonderful business? Will you study the newsletters that follow this introduction and learn to apply the lessons they teach?

The only obstacle that stands between you and all you desire is the way you spend your time from now on. That's all!

If you'll give me 15-30 minutes a day, I promise you this won't be just the end of another book … it'll be …

THE BEGINNING!

A-3 Tuesday, August 29, 1983 • Daily News

Interest rate rise seen despite Fed

United Press International

SAN FRANCISCO - Interest rates will go up at least 1 percent by the end of the year and even higher in 1984-85 - contrary to the forecasts of the Federal Reserve Board, the chairman of the oldest money market in the West said Friday.

"There are two ways to understand the Federal Reserve Board: One is to listen to them, and the other is to watch what they do," James M. Benham, founder and chairman of Capital Preservation Fund, said at an investments seminar.

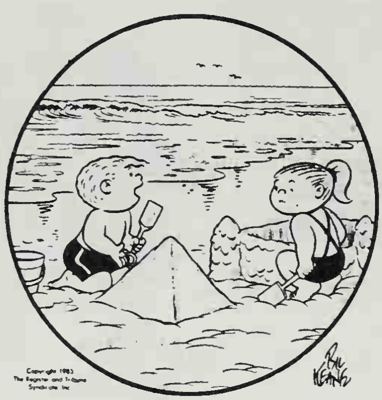
"There are very subtle ways the Federal Reserve can maneuver without making front or even back page news," Benham said. "When they tighten money, they're not going to be blatant about it."

Benham said by failing to replenish reserve funds lost in summer vacation withdrawals by its "open mouth policy" of deliberate leaks to the press and other techniques, the Federal Reserve is "saying one thing and doing another."

"Since World War II, every time the economy has gone up, so have interest rates," Benham said. "I think too many people have lived through previous cycles and know how to play the game."

Benham predicted President Reagan will "try to do a delicate tight(rope) walk" for re-election in the face of rising interest rates, a "new wave of inflationary psychology" and stubborn unemployment rates that "can never sink back to the levels of the early 1960's."

INSTEAD OF "BAD NEWS," DO YOU NOW SEE PROFIT OPPORTUNITIES HERE?!



"I'm building a pyramid. It's easier"

CHAPTER TWENTY-ONE

DO YOU KNOW IT WHEN YOU SEE IT?

It was the worst flood in Somewhereville, USA's history. The dam had spilled over and every house, shop, and building was filled with more than two feet of water ... and it was rising.

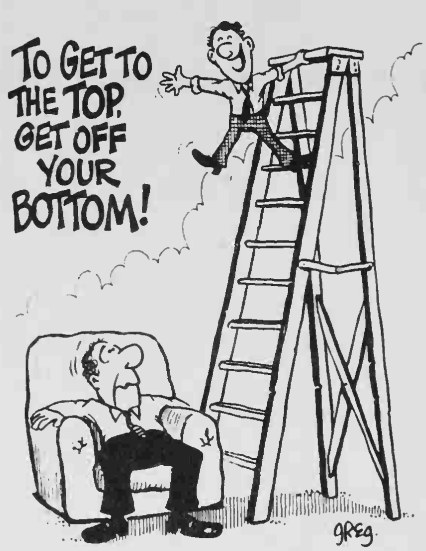
The dam was cracking under the pressure and couldn't hold its overwhelming load much longer.

All the townsfolk were evacuating with nothing but the clothes they were wearing. The local priest was helping people leave as quickly as possible.

The water was above his knees when a boat filled with people rowed by. Those in the boat said, "Father, jump into our boat! The dam's going to burst and you'll surely drown!"

The priest yelled back, "No, no. You go on to safety. I must stay and help my people evacuate. God will take care of me."

Later, another boatload of people rowed by and called, "Father, the water is up to your waist! Climb into our boat and save yourself!"



The priest refused, saying, "No, you go on. I must help the others to safety. I'll be all right, for God is watching out for me!"

Finally, a third boat floated by. The people in it pleaded with the priest, who was up to his chin now in the flooding waters: "Father! The dam will break at any moment! Get into our boat and row with us to a safe place!"

"No, no," said the priest, "I must help all the

others escape. Besides, God will watch out for me."

The dam burst violently.

Another boat filled with people passed the priest's body, which was now laying face down, floating in the water. He had drowned.

When the priest arrived in Heaven, he immediately went to see God. As the priest stood before him, he asked, "God, why did you forsake me? I was helping members of your flock to safety, but you let me drown. Why?"

And God answered, "I sent three boats to rescue you."

Do *you* know opportunity when you see it? Could this book be a boat floating by *you*?

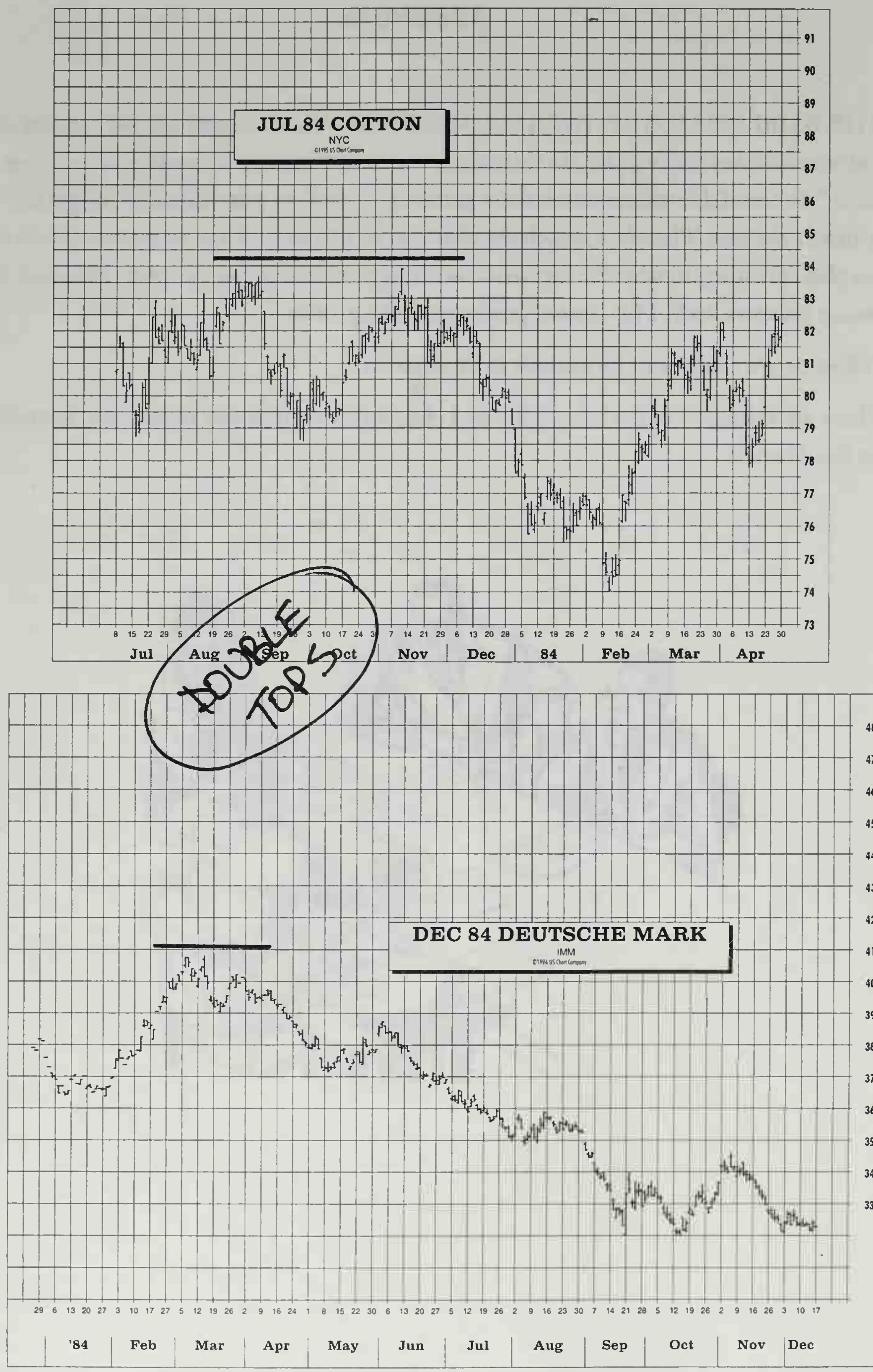
Is there any valid reason why you wouldn't or shouldn't be aboard the next major profit opportunity?

APPENDIX

THE WORLD'S MOST POWERFUL MONEY MANUAL describes a very successful technical commodities trading plan. In this sense, "technical" means "according to the chart formations." Successful investors watch these patterns carefully to gain clues and insight into future price movement. Therefore, watch the charts, spot and identify the formation, create a business plan according to what the formation is telling you, and act on this plan when and if the opportunity presents itself. This is what produces all the profits.

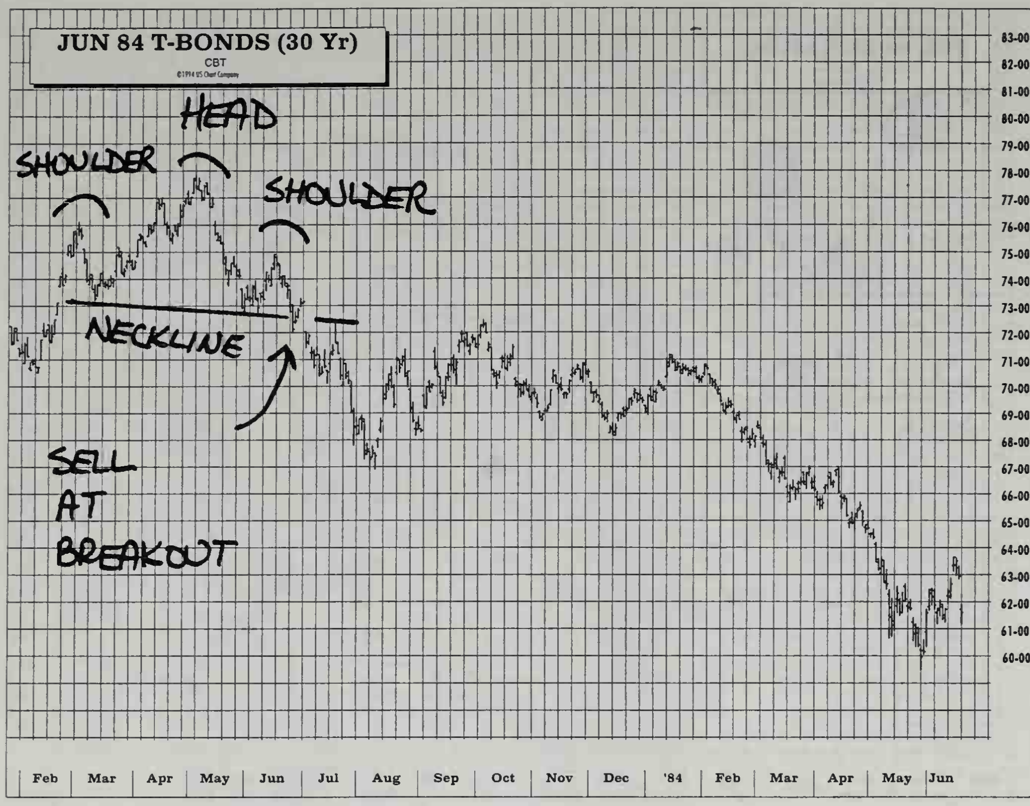
Following are chart/price formations to be aware of . . .

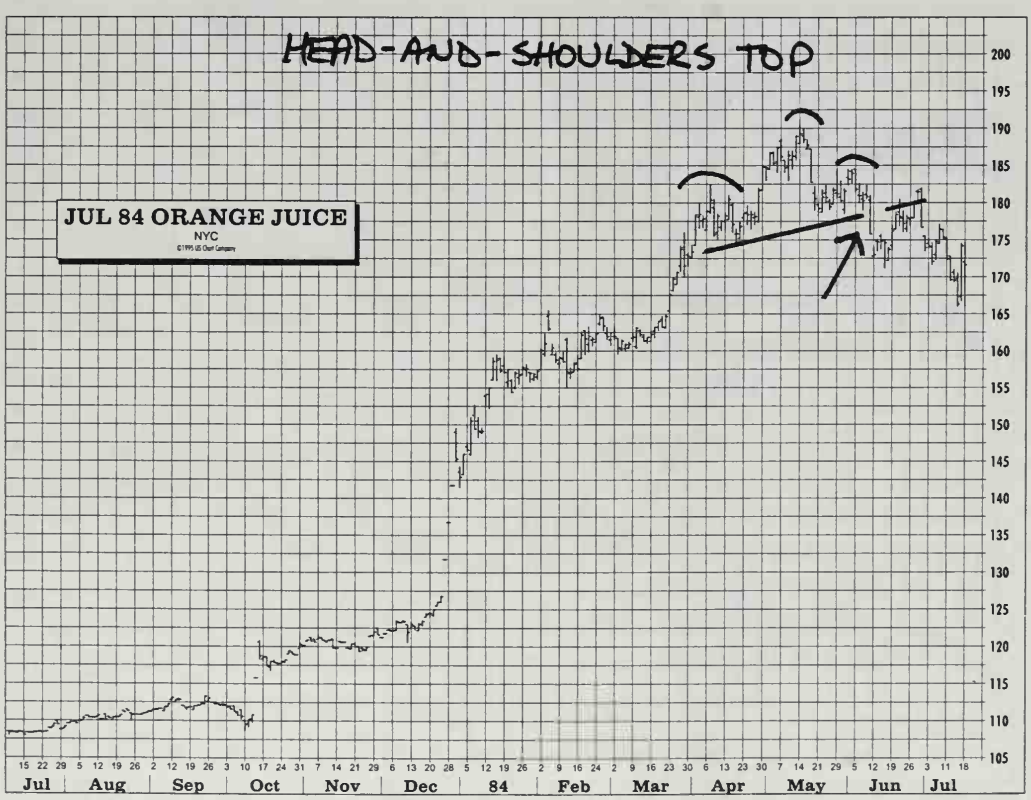
These are variations of the basic 1-2-3 and channel formations you've seen and learned about in this Manual.

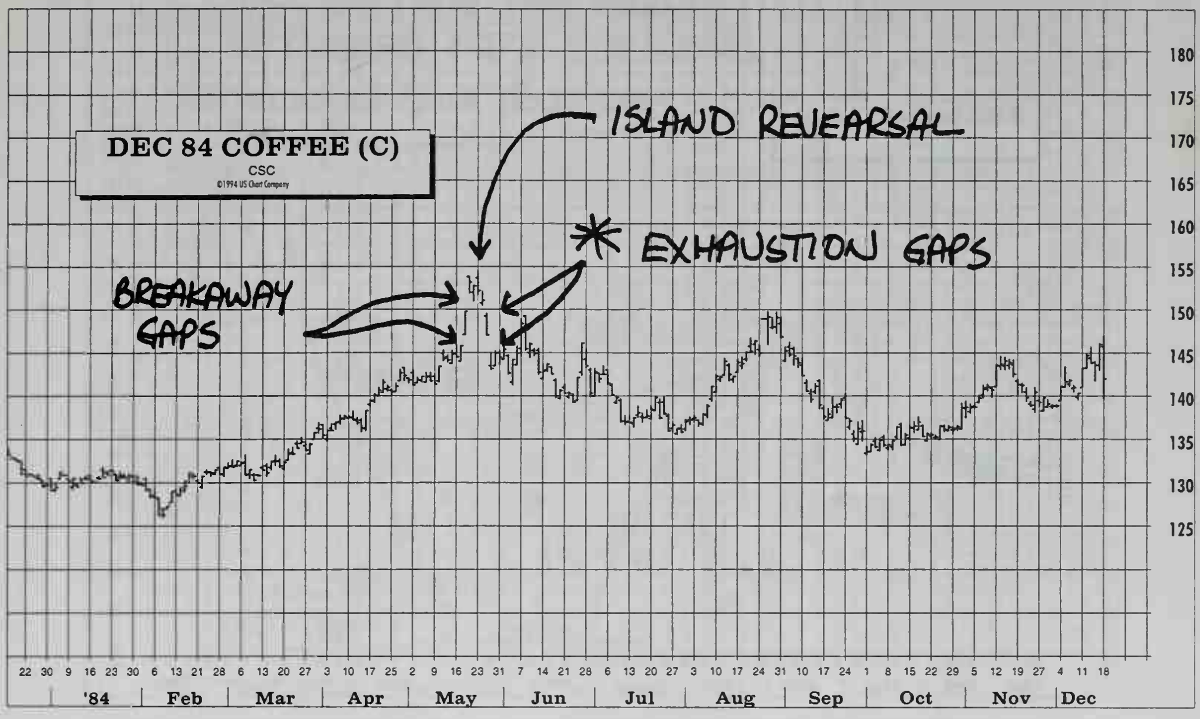

JUL 84 COTTON
NYC
Jul Aug Sep Oct Nov Dec 84 Feb Mar Apr
DOUBLE TOPS
DEC 84 DEUTSCHE MARK
IMM
'84 Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec


JUL 84 SUGAR #11
CSC
1
3
2
16.75
16.50
16.25
16.00
15.75
15.50
15.25
15.00
14.75
14.50
14.25
14.00
13.75
13.50
13.25
13.00
12.75
12.50
12.25
12.00
11.75
11.50
11.25
11.00
10.75
10.50
10.25
10.00
9.75
9.50
9.25
9.00
8.75
8.50
8.25
8.00
7.75
7.50
7.25
7.00
6.75
6.50
6.00
5.50
5.00
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
'84
Feb
Mar
Apr
May
Jun


TRIPLE TOP
JUL 84 OATS
CBT
245
240
235
230
225
220
215
210
205
200
195
190
185
180
175
170
Aug
Sep
Oct
Nov
Dec
'84
Feb
Mar
Apr
May
Jun
Jul


JUN 84 T-BONDS (30 Yr)
CBT
HEAD
SHOULDER
SHOULDER
NECKLINE
SELL
AT
BREAKOUT
83-00
82-00
81-00
80-00
79-00
78-00
77-00
76-00
75-00
74-00
73-00
72-00
71-00
70-00
69-00
68-00
67-00
66-00
65-00
64-00
63-00
62-00
61-00
60-00
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
'84
Feb
Mar
Apr
May
Jun


HEAD-AND-SHOULDERS TOP
JUL 84 ORANGE JUICE
NYC
200
195
190
185
180
175
170
165
160
155
150
145
140
135
130
125
120
115
110
105
Jul
Aug
Sep
Oct
Nov
Dec
84
Feb
Mar
Apr
May
Jun
Jul



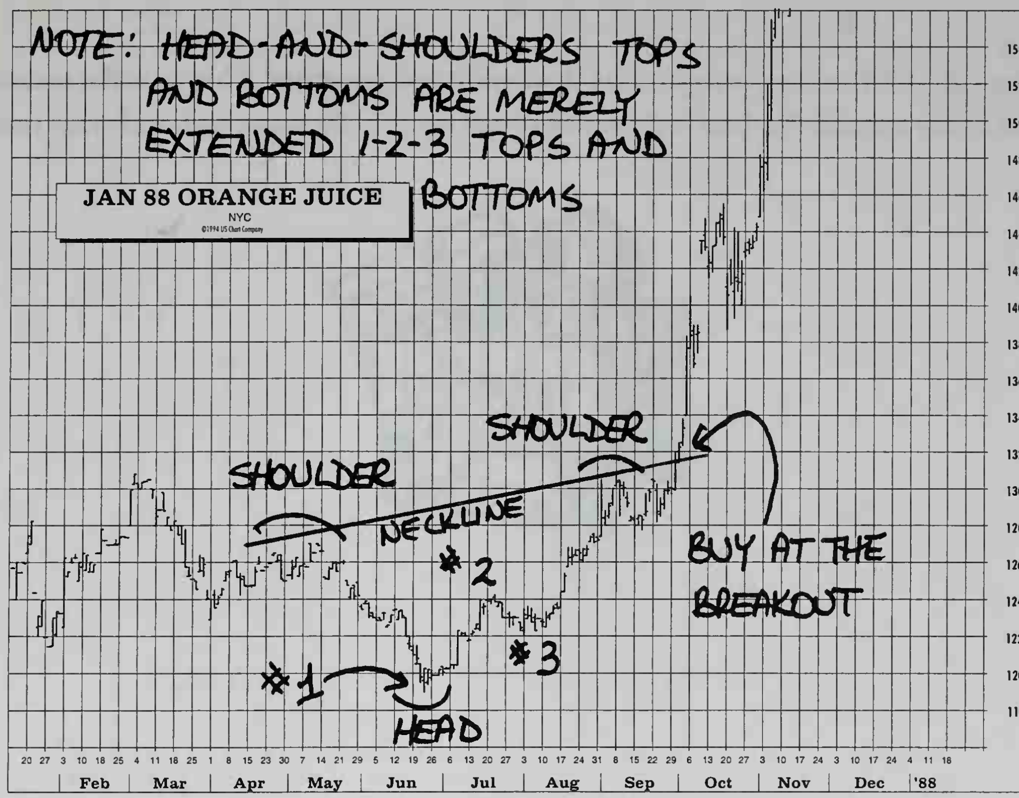
A gap is a price area in which no trading occurs. Gaps are created when the market opens higher or lower (often substantially) than the high or low of the previous day. Breakaway gaps often occur up and out of a narrow, sideways channel, signaling that prices are headed higher. Exhaustion gaps, on the other hand, often signal SELL orders were placed below a narrow, sideways channel, ready to act on declining prices.

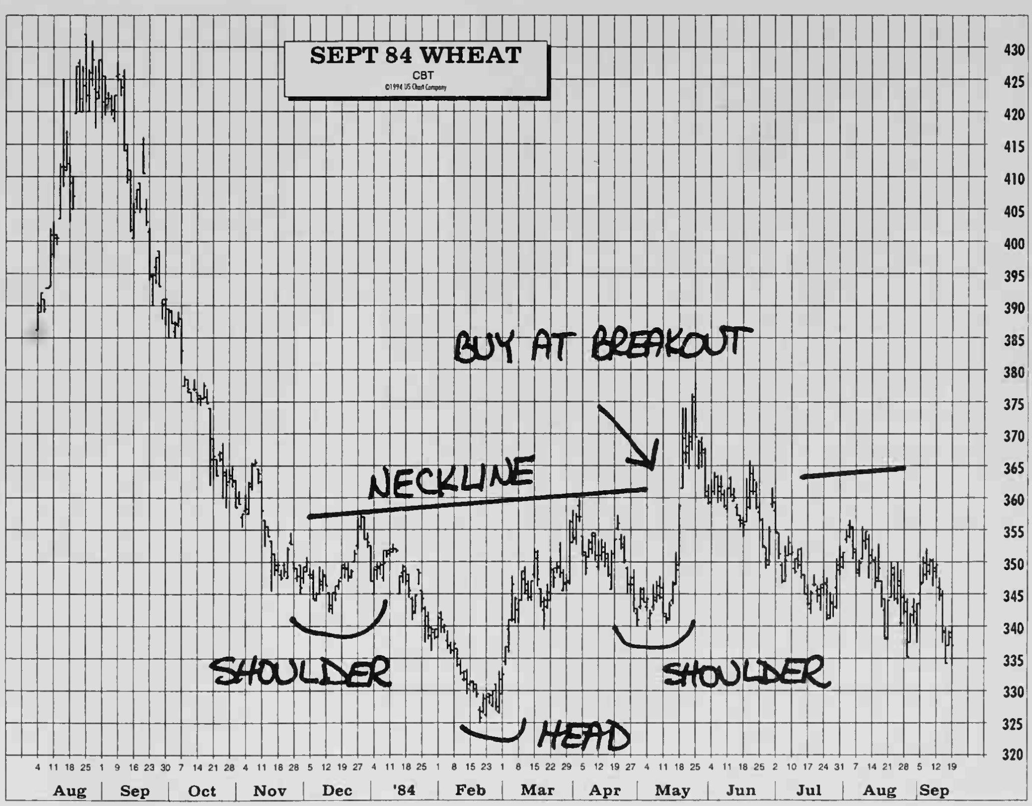
Support acts like a *floor* and *resistance* acts like a *ceiling*, which the price of a commodity cannot seem to break below or above. If prices *do* break through, they have a tendancy to keep moving in the direction of the break.

An ISLAND REVERSAL is formed by a day or a few days of trading, with gaps on both sides. In other words, trading isolated from price activity surrounding it. You will see ISLAND TOPS and ISLAND BOTTOMS throughout your charts.

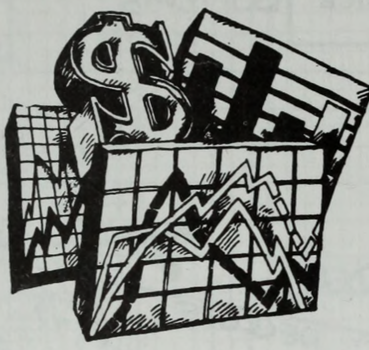

FEB 84 CATTLE (1)
CME
DOUBLE BOTTOM
Mar Apr May Jun Jul Aug Sep Oct Nov Dec 84 Feb


APR 84 HOGS
CME
2
1 3
1-2-3 BOTTOM
Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec '84 Feb Mar Apr


NOTE: HEAD-AND-SHOULDERS TOPS AND BOTTOMS ARE MERELY EXTENDED 1-2-3 TOPS AND BOTTOMS
JAN 88 ORANGE JUICE
NYC
©1994 US Chart Company
SHOULDER
NECKLINE
SHOULDER
BUY AT THE BREAKOUT
*2
*1
*3
HEAD
Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec '88


SEPT 84 WHEAT
CBT
©1994 US Chart Company
BUY AT BREAKOUT
NECKLINE
SHOULDER
SHOULDER
HEAD
Aug Sep Oct Nov Dec '84 Feb Mar Apr May Jun Jul Aug Sep

Share this vital message with your family, friends, and associates! They're in the same boat most Americans are, and that boat is sitting lower and lower in the water each and every year!



TWMPMM-Part 2

The Workbook

Foreword to Part 2

In 1983, fueled by the enthusiasm of my new discovery, I sat down at my IBM Selectric typewriter and wrote THE WORLD'S MOST POWERFUL MONEY MANUAL. The information in the first half of this Manual is original text (I did make a few changes and additions over the years for the sake of accuracy and clarity).

I've learned much about teaching commodities and now know most of the questions new traders ask. Addressing new issues and answering these questions is the purpose of Part 2 of this Manual. I'm including some trading tips and information you'll find interesting and helpful.

Remember, this is *your* Course. Personalize your Manual by highlighting areas of importance to *you*, making notes in the margins, or setting up your own index inside the cover. Do whatever it takes to make your learning experience as easy and fruitful as possible. I'm giving you the hammer and nails. I'm teaching you how to build a house. But I am not telling you what kind of house to build — that's up to *you*!

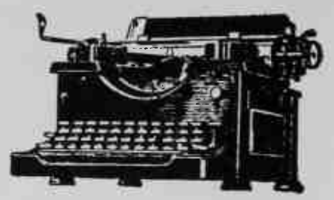
Our priority at The Ken Roberts Company is to help you every way possible to achieve success in this ideal business of futures contract trading.

The following chapters are essays and guidelines I've written through the years.

Each one focuses on a particular subject that I found needed emphasis. Use these sections as references to aid your learning.

CHAPTER TWENY-TWO

"GOOD ADVICE"



What if I taught a typing class and you came to my school for lessons? Your goal would be how to use a typewriter, right? But suppose I taught you how to type only one word: 'and', let's say. What good would I have done you? You'd be upset, and rightly so.

Although 'and' is one of the most-used words in the English language, knowing how to type that one word wouldn't do you much good at all. Even worse, what if you thought I was a good instructor and that you really *did* know how to type? Now you'd be in *real* trouble, for what you don't know can hurt you. If you applied for a position that required typing skills, you would believe you were telling the truth when you wrote on the application that you could type — and at 90 words per minute at that!

Not only would I be an incompetent typing teacher, I would be a miserable human being, too! Now where is this analogy leading?

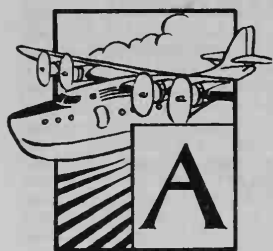
The TWMPMM COURSE is not an advisory service; I don't give financial advice, except this: There are no financial gurus who spout magic numbers. It's an inviting thought, but it's only a trap too many people fall into. An experiment reported on CNBC used a leading financial expert, a junior high school class, and a chimpanzee. Each of the three picked five stocks. The chimp simply pulled five cards from a file of stock names. Guess what? After several months of following those stocks, the chimp was not only in first place, — his stocks were the ONLY ones

showing a profit!

Playing "Simon Says" and following some self-proclaimed "expert's" advice blindly is the same as learning to type just a few words on the typewriter. Learn to be your *own* financial consultant. No one — *no one* — cares about you and your money like you do.

Managing your money is a skill you must learn. And it's not as onerous a task as you might expect; it can be rewarding and fun. All you have to do (*I've proved*) is learn a few simple skills.

CHAPTER TWENTY-THREE

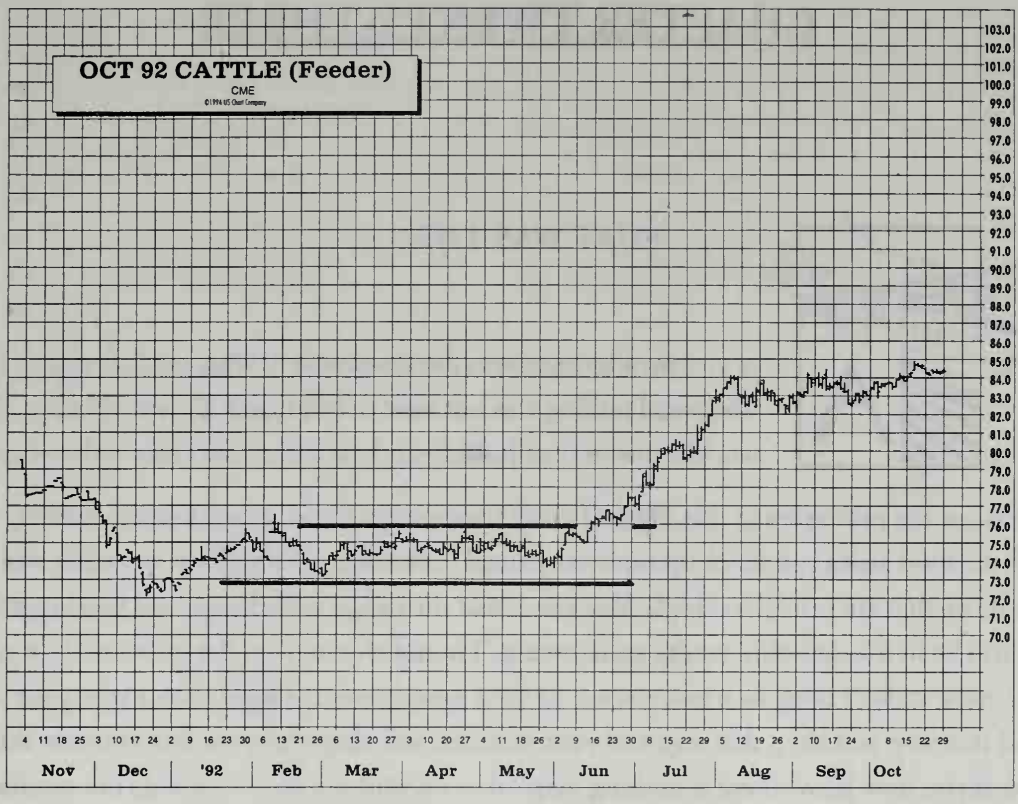


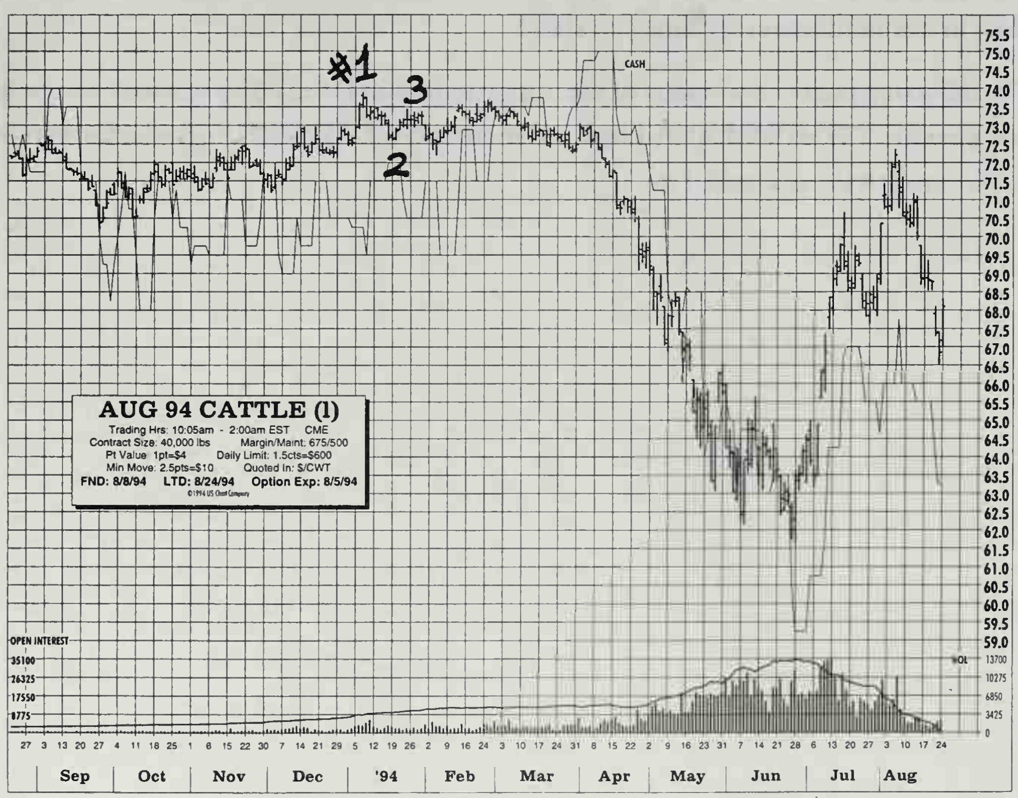
THAT WAS THEN ...

Are you wondering about the timeliness of what you've read so far? Technical trading was not new in 1983, and it's not old now. The world's one perfect business is based on *real* prices and *real* goods.

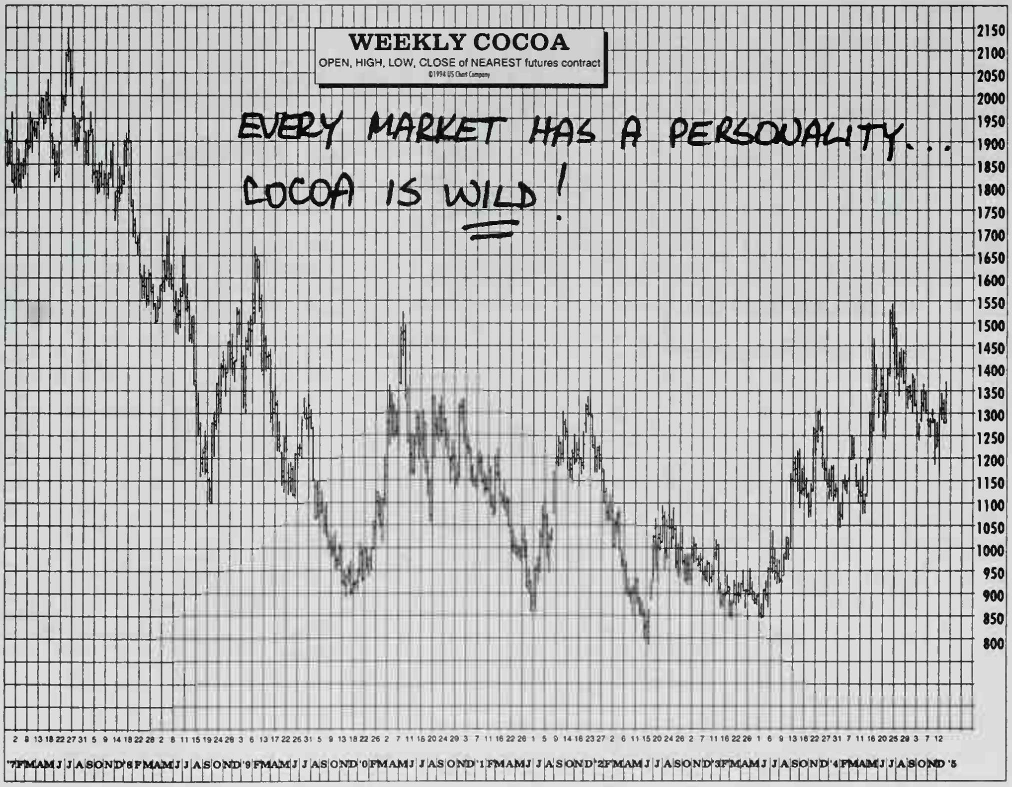
You use the principles in this Manual every time you go to the grocery store. Walking through the food aisles you stock up on items priced lower than they've been in awhile and you pass on those that are priced too high. You know that the prices will change and you hope the change will be in the direction you're anticipating. Though you mourn the prices of days gone by you still know today's bargain when you see it! Your grandparents shopped this way, your parents shopped this way, you shop this way, and your children will shop this way. It is not new. What *is* new is that you now know there is nothing magical or mysterious about trading commodities. You are trading in commodities every time you shop!

The following pages show many of the opportunities in the markets in recent years. All these trades were on the TWMPMM! Alert-Line! and thousands of TWMPMM graduates were waiting to board the profit train as it rolled in.


OCT 92 CATTLE (Feeder)
CME
Nov
Dec
'92
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct

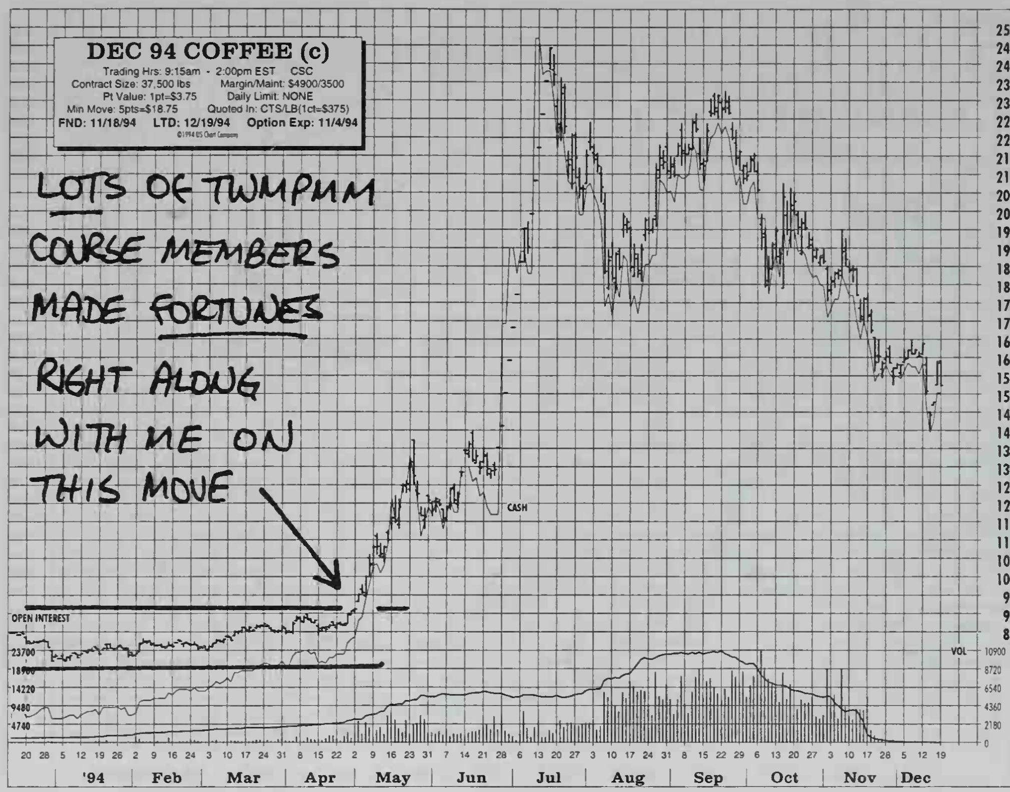

#1
3
2
CASH
AUG 94 CATTLE (1)
Trading Hrs: 10:05am - 2:00am EST CME
Contract Size: 40,000 lbs Margin/Maint: 675/500
Pt Value: 1pt=$4 Daily Limit: 1.5cts=$600
Min Move: 2.5pts=$10 Quoted In: $/CWT
FND: 8/8/94 LTD: 8/24/94 Option Exp: 8/5/94
OPEN INTEREST
VOL
Sep
Oct
Nov
Dec
'94
Feb
Mar
Apr
May
Jun
Jul
Aug

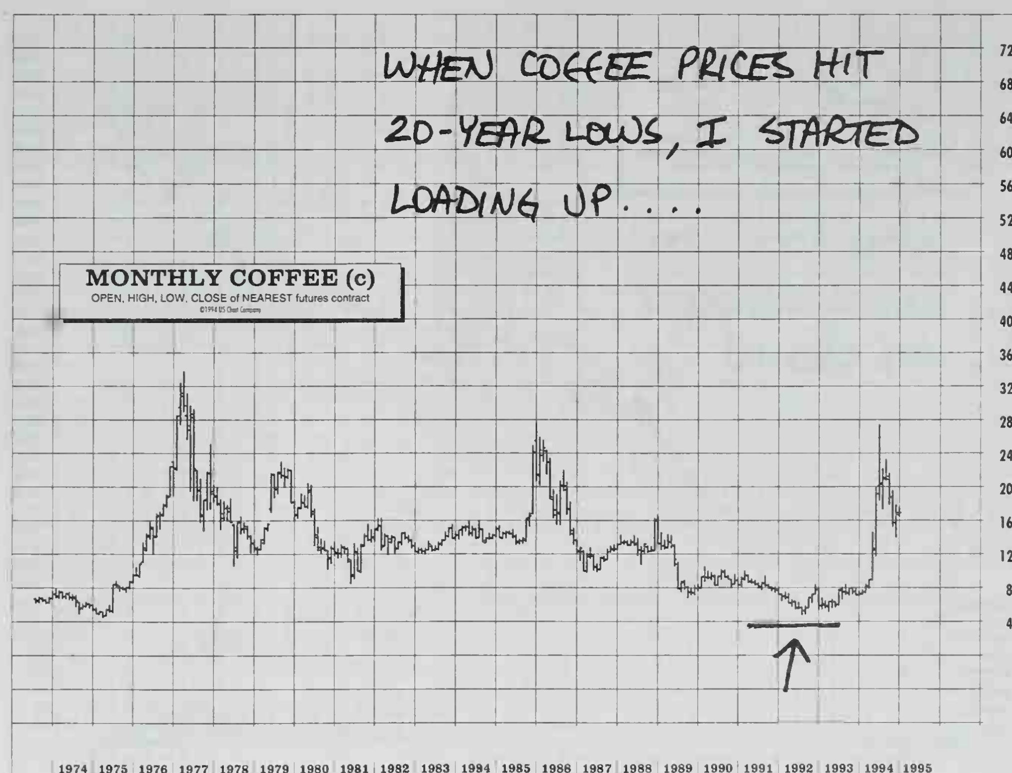

DEC 93 COCOA (m)
CSC
2
1 3
Dec
'93
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec

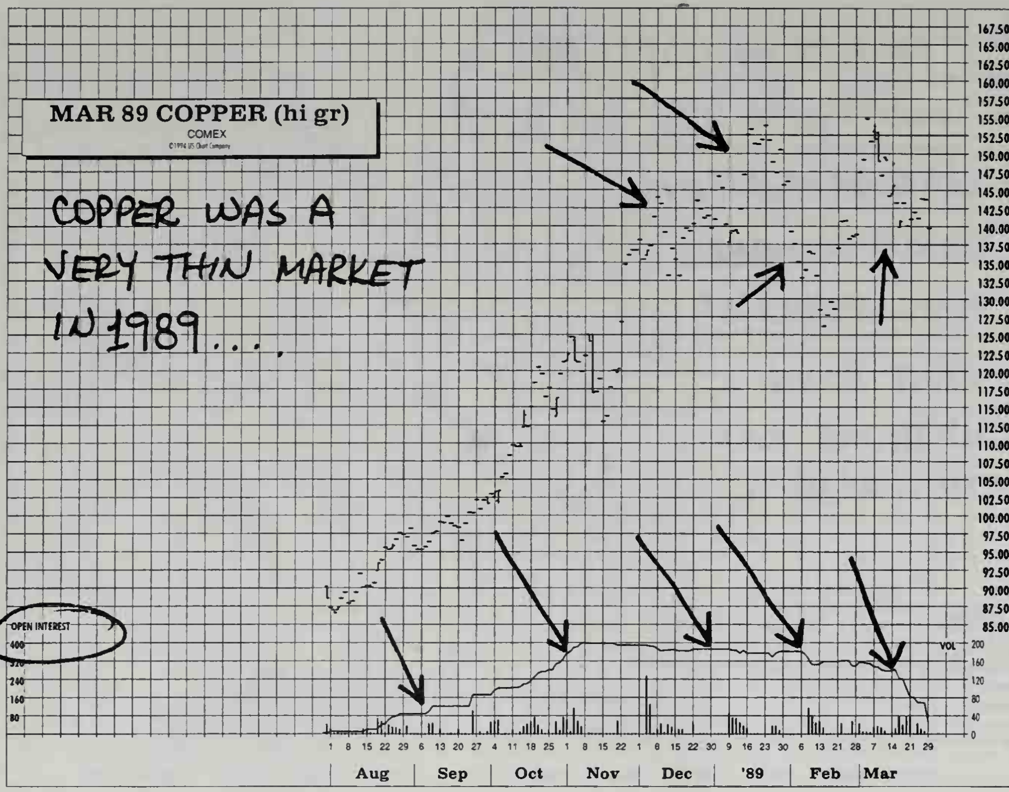

WEEKLY COCOA
OPEN, HIGH, LOW, CLOSE of NEAREST futures contract
EVERY MARKET HAS A PERSONALITY...
COCOA IS WILD!


MAY 87 COFFEE (C)
CSC
IN 1987, COFFEE'S PRICE HIT AN ANNUAL LOW....
270
260
250
240
230
220
210
200
190
180
170
160
150
140
130
120
110
100
Jun
Jul
Aug
Sep
Oct
Nov
Dec
'87
Feb
Mar
Apr
May


...BUT LOOK HOW LOW IT WENT 6 YEARS LATER.
JUL 93 COFFEE (c)
CSC
137.50
135.00
132.50
130.00
127.50
125.00
122.50
120.00
117.50
115.00
112.50
110.00
107.50
105.00
102.50
100.00
97.50
95.00
92.50
90.00
87.50
85.00
82.50
80.00
77.50
75.00
72.50
70.00
67.50
65.00
62.50
60.00
57.50
55.00
Aug
Sep
Oct
Nov
Dec
'93
Feb
Mar
Apr
May
Jun
Jul


DEC 94 COFFEE (c)
Trading Hrs: 9:15am - 2:00pm EST CSC
Contract Size: 37,500 lbs Margin/Maint: $4900/3500
Pt Value: 1pt=$3.75 Daily Limit: NONE
Min Move: 5pts=$18.75 Quoted In: CTS/LB(1ct=$375)
FND: 11/18/94 LTD: 12/19/94 Option Exp: 11/4/94
LOTS OF TWMPMM COURSE MEMBERS MADE FORTUNES RIGHT ALONG WITH ME ON THIS MOVE
OPEN INTEREST
CASH
VOL
'94 Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

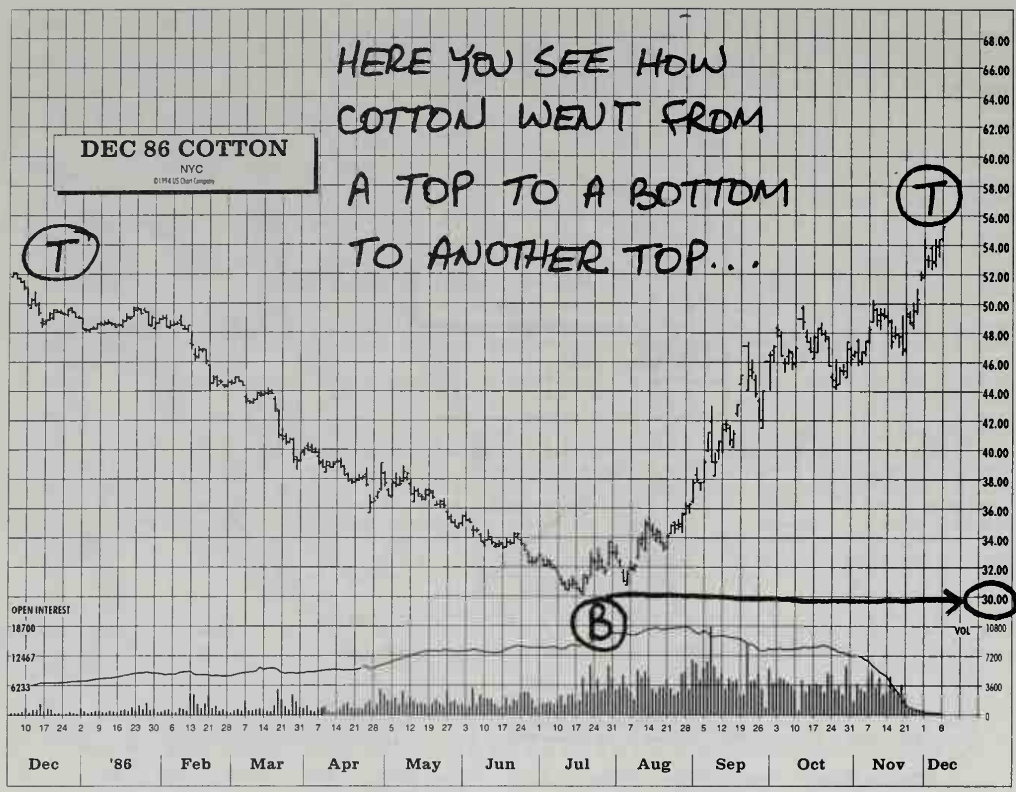

WHEN COFFEE PRICES HIT 20-YEAR LOWS, I STARTED LOADING UP....
MONTHLY COFFEE (c)
OPEN, HIGH, LOW, CLOSE of NEAREST futures contract
1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995

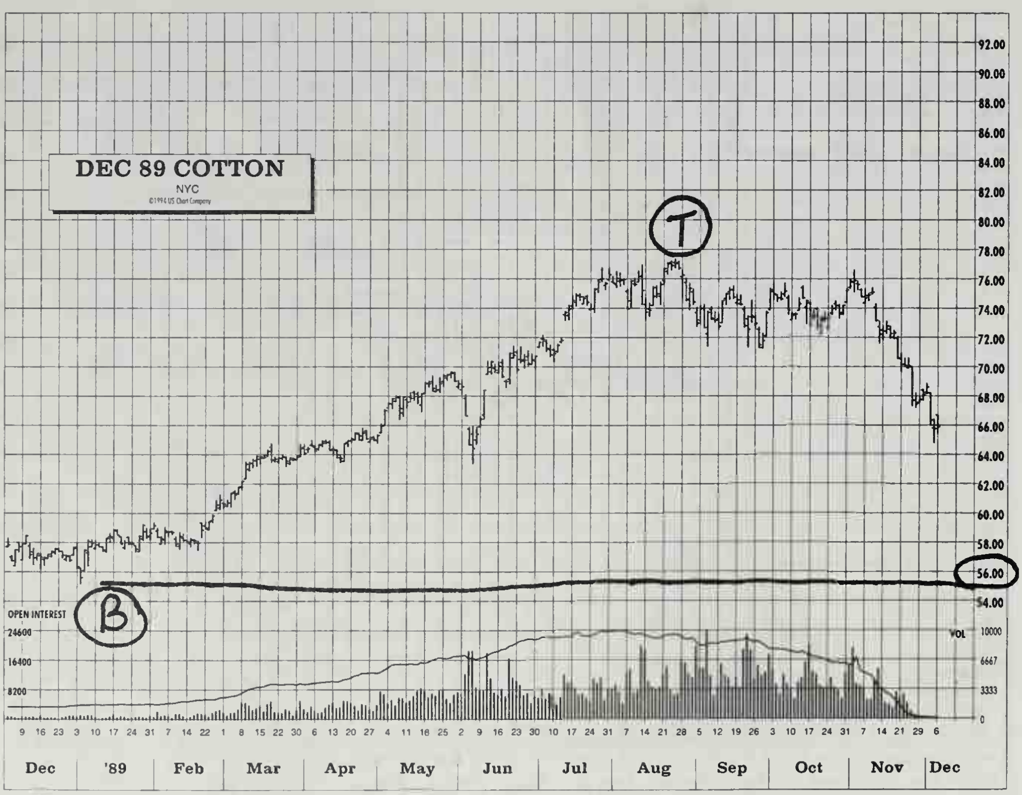

MAR 89 COPPER (hi gr)
COMEX
COPPER WAS A VERY THIN MARKET IN 1989....
OPEN INTEREST
VOL
Aug
Sep
Oct
Nov
Dec
'89
Feb
Mar

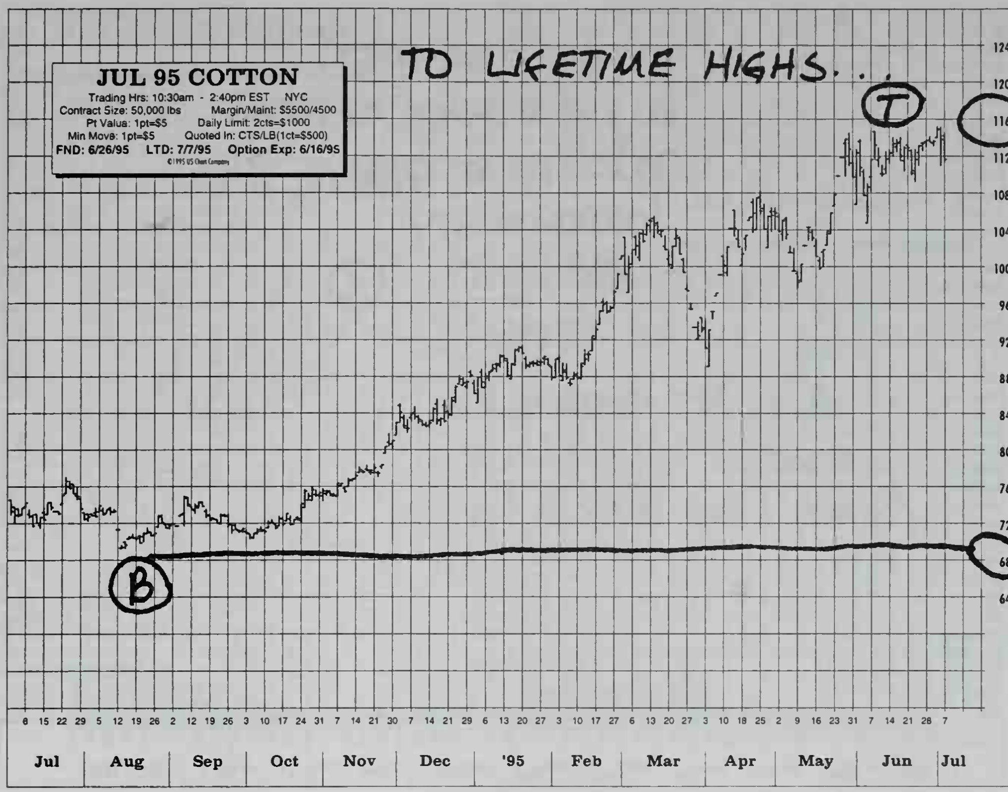

DEC 94 COPPER (hi gr)
Contract Size: 25,000 lbs
Margin/Maint: $1970/1420
Pt Value: 1pt=$2.50
Daily Limit: NONE
Min Move: 5pts=$12.50
Quoted in: CTS/LB(1ct=$250)
FND: 11/30/94 LTD: 12/28/94 Option Exp: 11/23/94
Each Horizontal Line=50 Points=1/2 Cents($125)
NOW LOOK HOW OPEN INTEREST HAS GROWN....
CASH
OPEN INTEREST
VOL
'94
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec


ALL IN ONE YEAR!
JUL 87 CORN
CBT
PROFIT DOWN
PROFIT UP
PROFIT DOWN
Aug Sep Oct Nov Dec 87 Feb Mar Apr May Jun Jul


JUL 88 CORN
CBT
BOTTOM'S UP!
Aug Sep Oct Nov Dec '88 Feb Mar Apr May Jun Jul

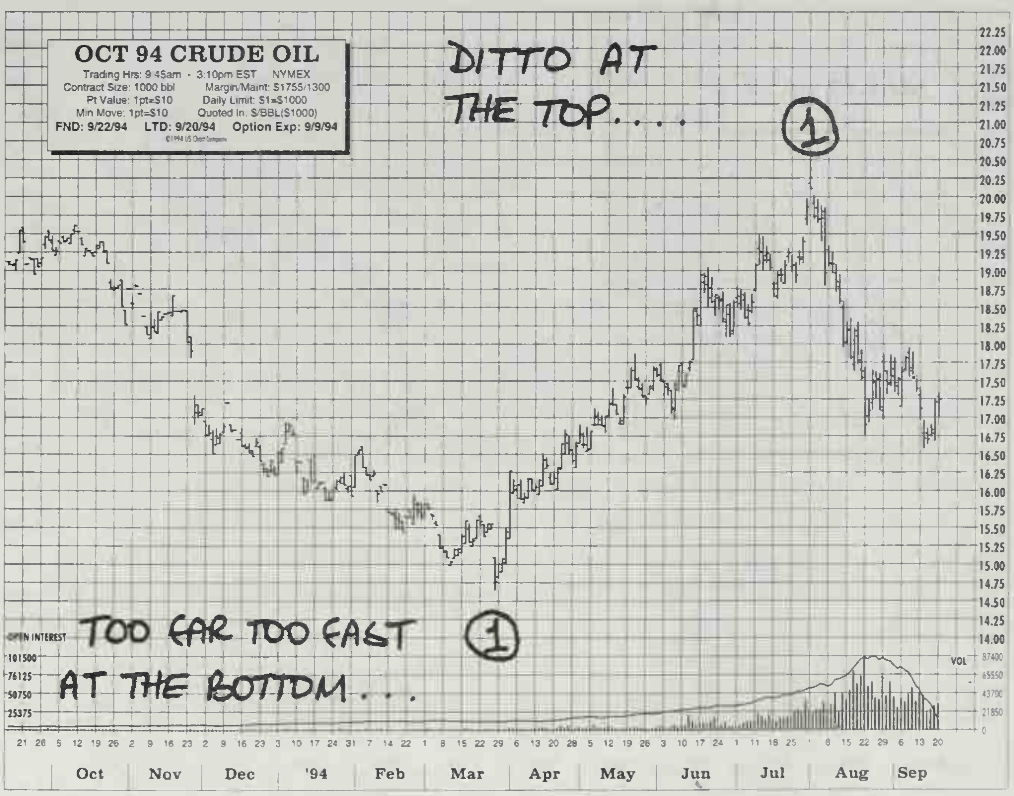

HERE YOU SEE HOW
COTTON WENT FROM
A TOP TO A BOTTOM
TO ANOTHER TOP...
DEC 86 COTTON
NYC
T
T
B
OPEN INTEREST
VOL
Dec
'86
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec


DEC 89 COTTON
NYC
T
B
OPEN INTEREST
VOL
Dec
'89
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec

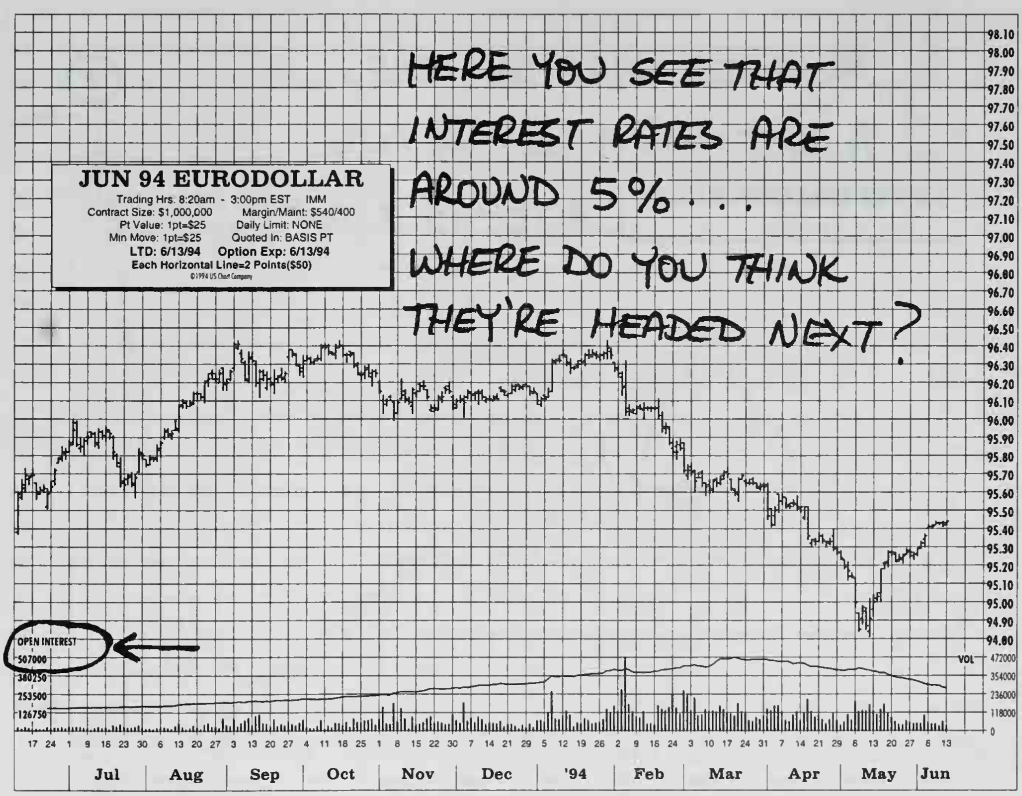

JUL 95 COTTON
Trading Hrs: 10:30am - 2:40pm EST NYC
Contract Size: 50,000 lbs Margin/Maint: $5500/4500
Pt Value: 1pt=$5 Daily Limit: 2cts=$1000
Min Move: 1pt=$5 Quoted In: CTS/LB(1ct=$500)
FND: 6/26/95 LTD: 7/7/95 Option Exp: 6/16/95
TO LIFETIME HIGHS…
T
B
Jul Aug Sep Oct Nov Dec '95 Feb Mar Apr May Jun Jul

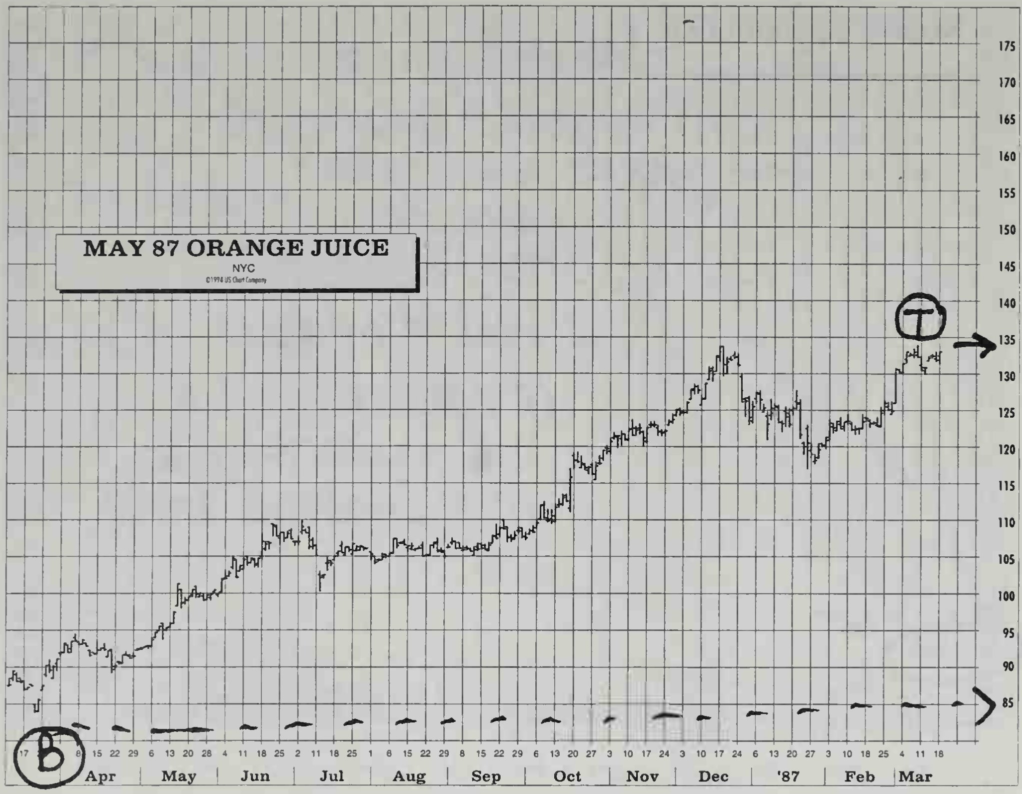

MAR 87 OATS
CBT
T
T
B
OPEN INTEREST
16800
8400
VOL
Apr May Jun Jul Aug Sep Oct Nov Dec '87 Feb Mar

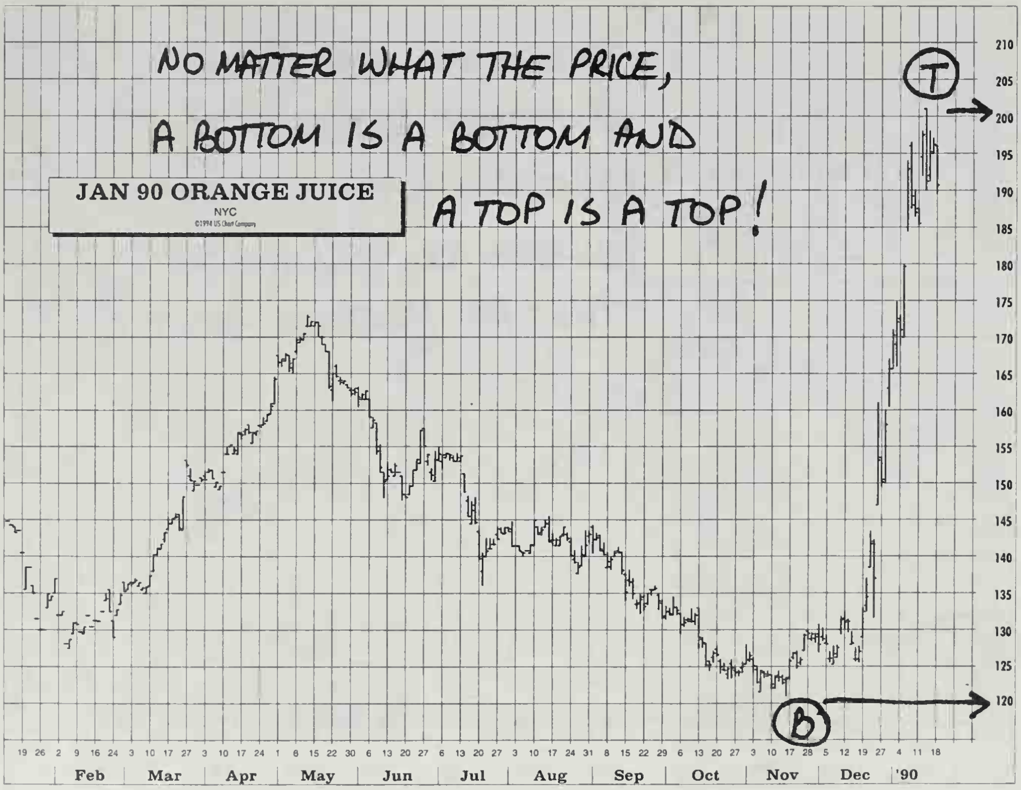

TOO FAR, TOO FAST. . .
BUT A FISHING OPTION
COULD HAVE CAUGHT THIS
OPPORTUNITY. . . .
APR 86 CRUDE OIL
NYMEX
OPEN INTEREST
VOL
Apr May Jun Jul Aug Sep Oct Nov Dec '86 Feb Mar


OCT 94 CRUDE OIL
Trading Hrs: 9:45am - 3:10pm EST NYMEX
Contract Size: 1000 bbl Margin/Maint: $1755/1300
Pt Value: 1pt=$10 Daily Limit: $1=$1000
Min Move: 1pt=$10 Quoted In: $/BBL($1000)
FND: 9/22/94 LTD: 9/20/94 Option Exp: 9/9/94
DITTO AT
THE TOP. . . .
TOO FAR TOO FAST
AT THE BOTTOM . . .
OPEN INTEREST
VOL
Oct Nov Dec '94 Feb Mar Apr May Jun Jul Aug Sep


MAR 93 EURODOLLAR
IMM
THIS IS
THE BIGGEST
MARKET OF ALL....
(A EURODOLLAR IS A
U.S. DOLLAR DEPOSITED
IN A EUROPEAN BANK)
OPEN INTEREST
Apr May Jun Jul Aug Sep Oct Nov Dec '93 Feb Mar


JUN 94 EURODOLLAR
Trading Hrs. 8:20am - 3:00pm EST IMM
Contract Size: $1,000,000 Margin/Maint: $540/400
Pt Value: 1pt=$25 Daily Limit: NONE
Min Move: 1pt=$25 Quoted In: BASIS PT
LTD: 6/13/94 Option Exp: 6/13/94
Each Horizontal Line=2 Points($50)
HERE YOU SEE THAT
INTEREST RATES ARE
AROUND 5%...
WHERE DO YOU THINK
THEY'RE HEADED NEXT?
OPEN INTEREST
Jul Aug Sep Oct Nov Dec '94 Feb Mar Apr May Jun


MAY 87 ORANGE JUICE
NYC
Apr May Jun Jul Aug Sep Oct Nov Dec '87 Feb Mar
T
B


NO MATTER WHAT THE PRICE,
A BOTTOM IS A BOTTOM AND
A TOP IS A TOP!
JAN 90 ORANGE JUICE
NYC
Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec '90
T
B

CHAPTER TWENTY-FOUR

50% RETRACEMENT RULE

You will notice the "50% Rule" referred to often in the monthly Newsletter and on the telephone Hot-Line. This trading "rule" is based on a frequent occurrence in the futures markets. Examine any set of price charts and you will see this event occur over and over again. Prices tend to retrace 50% of their last major move.

Suppose a market has just made a major move from $.10 to $.40. When it reverses direction and begins to decline, the 50% Rule tells us that prices will very likely retrace 50%, or half, of the gains it just made. In this example, half of its $.30 move is $.15. This means prices will probably drop back from $.40 to $.25.

An easy way to determine the 50% level is to add the bottom price and the top price of the last major move ($.10 + $.40). Take this total ($.50) and divide by two ($.25). Twenty-five cents, then, is our target level, or the objective we're expecting prices to reach. The 50% level is simply a tool for anticipating possible market moves.

CHAPTER TWENTY-FOUR

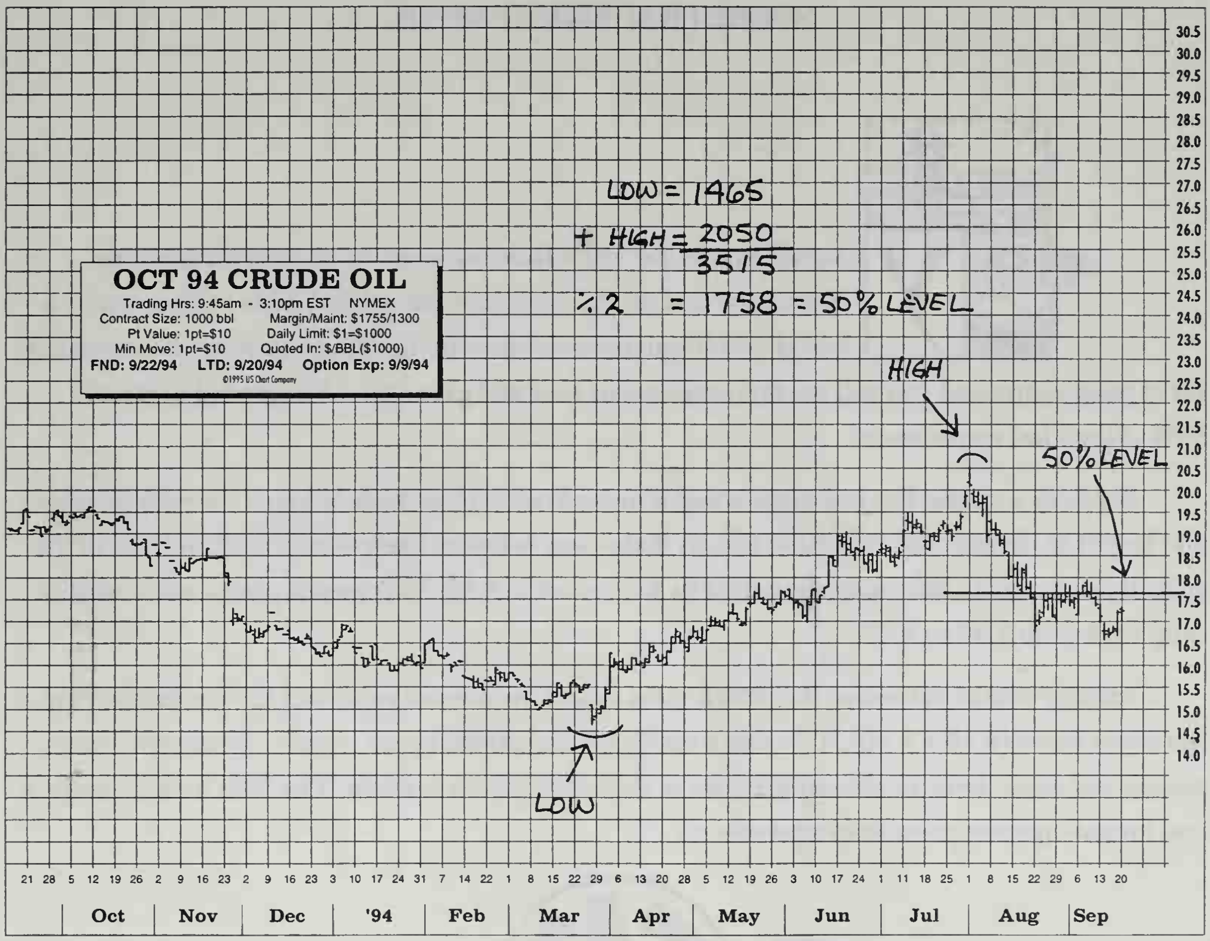
50% RETRACEMENT RULE

You will notice the "50% Rule" referred to often in the monthly Newsletter and on the telephone Alert-Line! This trading "rule" is based on a frequent occurrence in the futures markets. Examine any set of price charts and you will see this event occur over and over again: Prices tend to retrace 50% of their last major move.

Suppose a market has just made a major move from \$.10 to \$.40. When it reverses direction and begins to decline, the 50% Rule tells us that prices will very likely retrace 50%, or half, of the gains it just made. In this example, half of its \$.30 move is \$.15. This means prices will probably drop back from \$.40 to \$.25.

An easy way to determine the 50% level is to add the bottom price and the top price of the last major move (\$.10 + \$.40). Take this total (\$.50) and divide by two (\$.25). Twenty-five cents, then, is our target level, or the objective we're expecting prices to reach. The 50% level is simply a tool for anticipating possible market moves.

The following Crude Oil chart shows the 50% Retracement Rule in full swing. The low in Crude prices in March (14.65) plus August 1st's high price of 20.50 equals 35.15. To compute the 50% Retracement Level, add the lowest and highest prices of the recent major move (14.65 + 20.50) and divide that total (35.15) by two (17.58).



The 50% level is a good indicator of how far prices may go. It is also a good monitor of the markets you are trading, especially if you are pyramiding.

Keep in mind that any "rule" in commodity futures contract trading is considered such because it happens frequently, but *not always*. There are *no absolutes*. This, like any other "rule," is used to help us minimize losses and increase profits. Knowing where markets may strongly tend to be headed, and where they may tend to turn around, helps us trade more successfully.

CHAPTER TWENTY-FIVE

KNOWING YOUR OPTIONS

USING AN OPTION INSTEAD OF A STOP-LOSS

The options market is a world unto itself but there are times when an option is an invaluable tool in the futures markets.

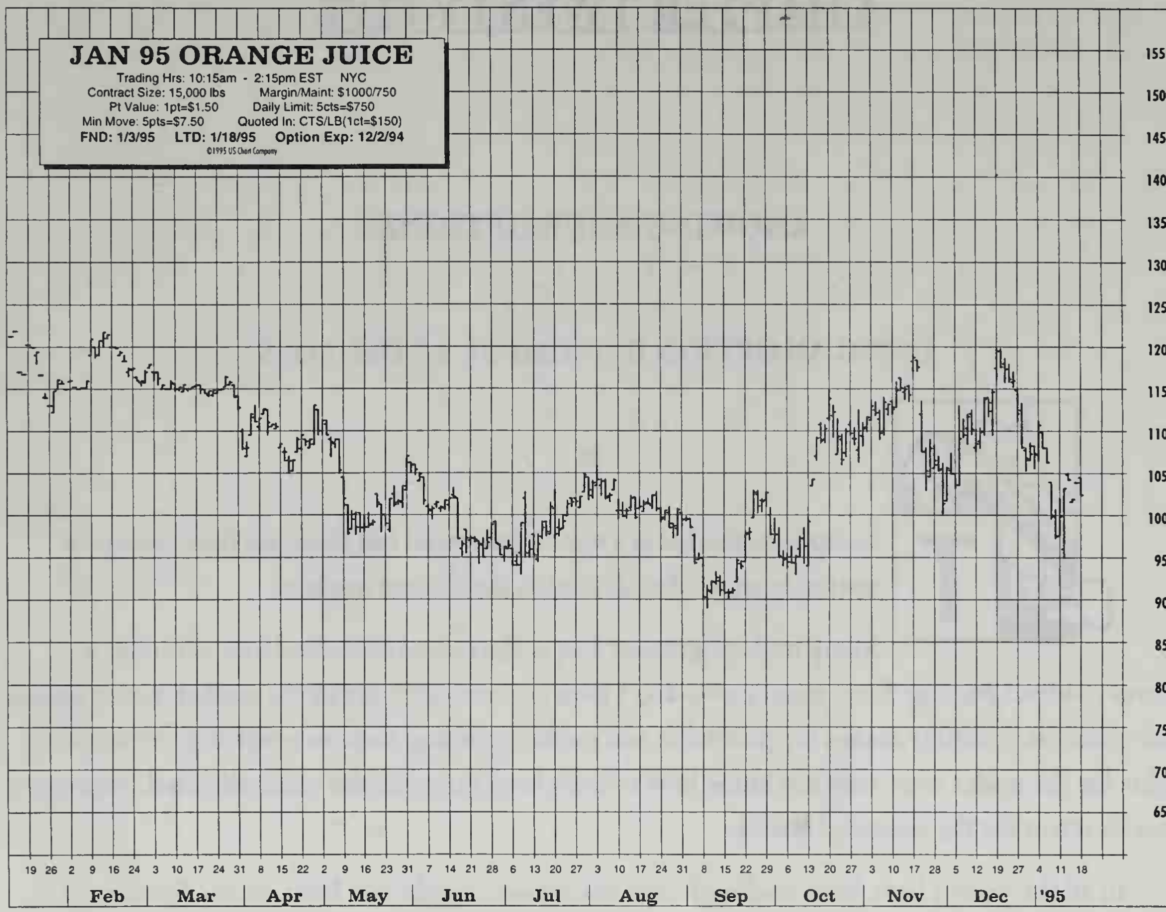
Many traders' greatest fear is the risk of unlimited loss of funds in futures contract trading. Even money you don't have is potentially at risk if a market moves against your position. Volatility makes for profitable and exciting trading but can contribute to sleepless nights for the trader who does not know how to limit loss. But even the much dreaded limit move loses its terror for the educated trader.

In all the years I have been trading I have never been caught in a limit move. This could be luck, or my healthy yellow streak that keeps me from wild, reckless trading. Nevertheless, you may not want to trade a volatile market without purchasing an option opposite your position for protection. If you have the money to risk in a volatile market, then spending the money to protect yourself by buying an option is easy.

Let's look at what I'm talking about. Look at the chart of January Orange Juice on the next page. I would purchase one contract of January Orange Juice on a break above the #2 point at 93.30 (the high on 9/13/94). Let's say I got in at 93.35. Over the next four days the price advanced to 103.00. This is a move of 965 points or $1,447.50.

If I used a stop-loss on this trade I initially place it below the #1 bottom point of 89.00 (the low on 9/9/94). As the market advanced, I would move my stop to just above my entry price at 93.60.

Once the market made highs at 103.00 it dropped hard over the next 10 days to 93.00 (the low on 10/10/94). I would be stopped out during this descent and would be out of the market with a mere $37.50 profit. Not even enough to cover my broker's fees.



But I know the OJ market is volatile and I know how to avoid being stopped out and I know how to protect myself. I can use an option. I would purchase a put option with a strike price near the #1 bottom point; the place I normally put my stop-loss. In this particular case a strike price around 89.00 would protect my position from losing money if the market drops below 89.00. My total risk on this trade would be the cost of the option and the price difference from my entry point in the futures market and the strike price of the option. Using a put option in this instance would keep me in this market. Even though I would initially spend some out of pocket money for the option it would keep me in this market that exploded after its plunge to 93.00.

The practicality of using options for protection is seen more effectively when a market moves directly against your position right after being filled. In this example, if the market dropped below 89.00 we would be gaining a dollar on our option's value for every dollar lost on our futures position. This also gives me staying power. I can remain in this position and wait to see if the market starts advancing in my favor and still profit from my long futures position.

FISHING WITH OPTIONS

Purchasing an option gives you the *right*, but *not the obligation*, to enter a futures contract at a specific price. The price you may enter the market at is the strike price of the option. A call option is the right to enter the market long from the strike price. You *purchase a call option* when you are *expecting prices to go up*. A put option is the right to enter the market short from the strike price. You *purchase a put option* when you are *expecting prices to go down*. The price paid for an option is called the premium. The cost or value of an option is calculated by multiplying the premium of the option times the point value of the commodity.

For example, while scanning futures price charts, I spotted a possible 1-2-3 top formation in the September British Pound market. Prices made a new high at 176.58.

Normally, to trade this according to the TWMPMM COURSE guidelines, I would monitor this market for the #2 and #3 points to form. At that time, I would enter an open order to sell (go short) one September British Pound contract when prices broke below the #2 point and place my open stop-loss order above the #1 top point. But now suppose I wanted to enter this market early, before the #2 and #3 points had formed.

Applying the 50% Rule, I could gain some idea of where September British Pound prices will initially drop. In this example, the 50% Rule tells me the following:

HIghest recent price	**=**	**176.58**
Last lowest price before major move	**=**	**153.00**
Total	**=**	**329.58**
50% of that sum	**=**	**164.79**

(It's okay to round these figures off).

Each point in British Pound prices = $6.25. Margin on a British Pound contract is currently $3,300 and, like all margins, subject to change at any time, especially in volatile markets.

Deciding whether or not to purchase an option, I must answer three questions:

1) What month do I trade?

2) What strike price do I choose?

3) How much is the premium?

1) I was following the September British Pound contract and September British Pound options expire on Friday, August 31. Since this gives me 1-½ months, which should give this trade room to "breathe," I'll use a September option. [The farther-out an option's expiration date, the more expensive it is: Time = money.]

2) Since the 50% Rule gives me an idea of where prices may initially drop, I will use this rule to determine a strike price. I'll use a strike price above the 50% level (when going short) and below the 50% level (when going long). In this example, then, I'll purchase a put option with a strike price somewhat above 165.

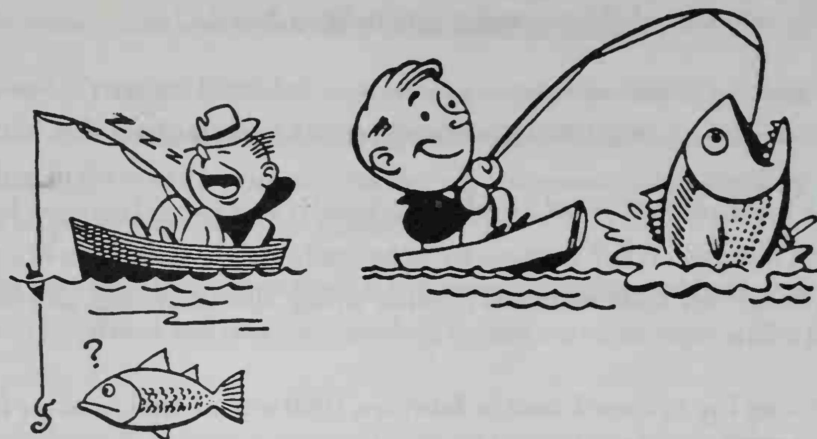
3) Some option prices are listed in the Business Section of most major newspapers and in the commodities section of financial newspapers. The best way to get prices, however, is to develop a relationship with a brokerage *before* you open your account, and call the brokerage to receive up-to-the-minute price quotes. I call my broker for this information, since they have all the options available and their prices.

I want a "Put," since I'm shorting the British Pound. Keep this in mind: The goal is to choose a strike price that is sufficiently above the 50% level because I need to give my option a chance to make gains before reaching the 50% level. I want to purchase an option, then, with a strike price somewhere above that level (when going short).

The September British Pound put option with a strike price of 167.50 has a premium of 38 points (38 x $6.25 per point, or $237.50). However, the September 170 British Pound put option costs $462.50 (74 x $6.25). Although more expensive, this option will profit sooner than the 167.50 option will if the September British Pound market drops.

Keep the "big picture" in mind. Remember: Futures and options trading is an *art*, not a science. There is no effective computer program that will make these decisions for you.

It's impossible to know exactly how much any option will be worth in the future.



FISH FROM BOTH SIDES OF THE BOAT

Have you ever noticed how when you're fishing from one side of the boat or dock, without even a nibble, the man on the opposite side is reeling in the big ones?

Well here's how to fish from both sides of the boat (or market): As a market makes a new 12-month low, we've gone fishing with a call option, for example. Technically speaking however, the break to a new 12-month low is a break of a major support level and the market could continue in that direction for some time. Therefore, we can also purchase a put option in this case while we're fully covered for the eventual turnaround. Now the guy on the opposite side of the boat won't be catching ***all*** the fish.

The DELTA OPTIONS BONUS PAK demonstrates how to profit from "glitches" in the markets that often occur. Without this Bonus Pak, I recommend you call your broker when analyzing and selecting potential options to paper trade. The DELTA OPTIONS BONUS PAK comes FREE with a 1-year renewal of your TWMPMM I subscription.

Now, looking at futures versus options with British Pound, which would you choose to trade? Considering my desire to enter this market early, and weighing the margin required versus the cost of the option, in my view, in this market, at this particular time, options appear to be a smarter investment than futures. Deciding on options, then, I've narrowed it to two choices: The 167.50 strike price or the 170 strike price. I would let my pocketbook be my guide. Each person's trading plan and account size will differ.

All of this is subject to constant change. You must perform your own current analysis of any and every market you wish to consider trading. Once you "get the hang of it," this requires but a few minutes and is well worth it. This simple process is what the losers *don't* do!!

TWMPMM II: The Very Special Options Course, with its own twice-weekly telephone update, is highly recommended for learning options from A to Z.

WHEN (AND HOW) TO TAKE PROFITS

When do I take profits? *What a problem to have!* It's a very real concern for us in the futures markets, however. Why? Because we're basically greedy and dream of squeezing every drop of profit from every trade we make! Right or wrong, this is the case, and that's why I wrote this section.

I was strutting like a peacock back in February, 1990 when I liquidated my last long orange juice contract at 204, just $.02 from the peak of that price-move up from 126.

But then days later, the markets knocked the wind out of my sails: I had just liquidated my heating oil option which I paid $310 for and banked $2,310. Less than two weeks later, the King of Iraq started belly-achin' and heating oil prices took off skyward — and $9,000 of my potential profits went with it!

I'm no better than the King; you should have heard me moaning over making a "measly" 360% profit! Is there a way to go fishing for profits in Lake Commodity and still have a good chance of catching "the big ones"? Yes; there's a very good way. This, by the way, was the seed that grew to become TWMPMM II: The Very Special Options Course.

First you test the waters to see if the fish are biting by using an option. This allows us to cast our line when we think the fish have arrived (a new #1 top or bottom point has been made). If we're premature, an option gives us leeway and staying power to wait awhile longer and not lose our bait on nibblers (to not get stopped out).

If the fish we're expecting *do* show up (the 1-2-3 top or bottom formation shapes up), our bait (the option) begins to pay off (we're hooking some fish).

We chose the right fishing spot, the fish have arrived, and we're reeling some in. Now it's time to bring out "the net."

When the school of fish is so dense it seems to dance just beneath the surface of the water like a shadow (when the #2 point of the 1-2-3 top or bottom formation is surpassed), you begin fishing with two lines — your original fishing option and now a futures contract. If one line breaks (your futures contract is stopped out), you have another line (the option) for backup.

You'll find that usually both lines continue to catch fish (make profits) for awhile. All good

things must come to an end, however, and we'll eventually begin to reach our limit (prices will approach the 50% retracement level where they usually retreat from).

It's wise to haul in your net (liquidate your futures contract or contracts, if you've pyramided up to the 50% level) and look for another fishing hole. But you still have a troller (the option) left dangling in the water just in case one last big one comes along (the King of Iraq gets antsy and heating oil prices leave Earth's atmosphere).

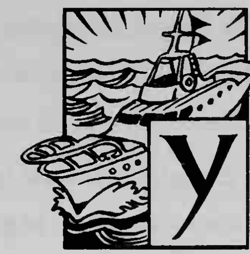
If that option continues to generate profits, you simply liquidate and bank them at logical points of support or resistance and purchase another, farther-out strike price with a portion of those profits.

Work through this plan in several markets to get the big picture. Just as fishing is an art (you "feel" your way through the process), so is futures contract and option trading.

Fish don't act and react by a strict set of rules; you have to develop your skill at catching them. You must be adaptable. It's the same with commodities. Prices give us very good — and very reliable — clues to work from, but they can gyrate without notice. If you miss out (as we all do), the best you can do is try to learn from the one that got away and keep on fishin'.

CHAPTER TWENTY-SIX

GETTING STARTED ON YOUR PAPER TRADING



You're overwhelmed, you're frustrated, you don't know where to begin. That's OK! You're learning a new business and a new language, and it's going to take some time for all this to sink in. Stop yourself from thinking this has to be difficult — with persistence *you will succeed.* The only thing that can stop you is you.

In an independent research study conducted with the cooperation of successful TWMPMM graduates, we learned that successful Course Members initially read the Manual 6 or 7 times. The most successful Course Members continue to refer to it often to refresh themselves on these powerful, basic principles.

This isn't brain surgery; it's not 911. Relax, learn and have fun. You have nothing to lose buying and selling commodities on paper. *On paper* is the key, and let me voice a caution: Once in awhile I will hear from Course Members who are not doing well in the markets. My first question is "Did you paper trade?" My second question is "Were you successful on paper before trading with real money?" I almost fall off my chair when they say "NO." Nothing magic happens when you begin to trade with real money. Don't let greed and emotionalism push you into something before you are ready. You already know by reading this Manual that Commodity markets aren't going anywhere and neither are the opportunities. Paper trade until you can do it successfully. The principles in this Manual will bring success, but only if you follow a sensible business plan!

Now let me take you through the process of paper trading step by step. Repeat this process over and over. Things will begin to click; you will find yourself anticipating the markets, and you will soon develop your own personal trading plan in this — the world's one perfect business!

THE TOOLS

I spend the first few minutes of every day sitting in my easy chair taking care of my trading, and you can too! You already have everything you need to learn this incredible business. The tools are in your hands. Now start building (paper trading!)

THE ALERT-LINE!

The TWMPMM COURSE Alert-Line! is updated twice a week. The format is generally the same, so it takes only a call or two before you begin using your own system of transcribing and abbreviating the message.

Many Course Members tape record the Alert-Line! message so they can play it several times if necessary and not have to write quickly while listening. By far the most convenient way to get the Alert-Line! is by FAX where it comes to you in printed form.

Once you're familiar with my easy-to-follow style, the Alert-Line! update will be simple to transcribe. You may use a broker or call any of my hand-picked team of Course Counselors to assist you with anything you don't understand.

Following is a sample Alert-Line! the way it is transmitted to subscribers of The FAX Center Alert-Line!.

Foods and Softs

September Cocoa's #1 bottom point is 1214 (the lows on 7/10/95 and 7/12/95). The #2 point is 1294 (the high on 7/21/95). I'll keep watching for a bottom formation.
September Cocoa closed today at 1242.
1 point = $10.00

October Sugar's #1 bottom point is 9.62 (the low on 7/12/95 and 7/18/95). The #2 point is 10.76 (the high on 7/24/95). I'll keep watching for a bottom formation. October Sugar closed today at 10.54.
1 point = $11.20

September Orange Juice's #1 bottom point is 94.80 (the low on 7/7/95). The #2 point is 103.25 (the high on 7/25/95). I'll keep watching for a bottom formation. September Orange Juice closed today at 102.00.
1 point = $1.50

Meats

October Live Hogs' new #1 top point is 44.40 (today's high). I'll keep watching for a top formation.
October Live Hogs closed today at 44.10.
1 point = $4.00

CHARTING SERVICE

While charts are an invaluable tool, it is not absolutely necessary to invest in charts during paper trading. You may update the sample charts found in your Course, or even create your own using ordinary quarter-inch graph paper. If you use the sample charts, do not be concerned if they are out of date. With the help of the Alert-Line! you can plot current market opportunities on these same charts.

Which charting service to use (if any) is a personal choice. I designed charts that contain everything I need and NOTHING more. 1-2-3 tops and bottoms use 12-month highs and lows so I like to see all twelve months on the chart. See the materials enclosed with your Course for current information on U.S. Chart Company and how to subscribe.

QUOTES

To begin paper trading you need a source for daily price quotes. Call the brokerage you plan to open an account with. Put them to the test. If they want your business, they should be happy to provide this service. Some brokerages employ people just for this purpose so call and help these people keep their jobs.

TERMS

Open	The first price traded that day
High	The highest price traded that day
Low	The lowest price traded that day
Settle or Close	The last, or closing price, traded that day
Change	The difference between the previous trading day's closing price and today's closing price. It's not unusual to see a disparity between one day's settle and the next day's opening price.
Volume	The total number of combined trades for all delivery months of any commodity.
Open Interest	The total of all open futures contracts of any commodity. For every buyer of a futures contract there is a seller. Open interest of 1,000 means 1,000 longs and 1,000 shorts being traded in that market on that date.

BROKERS

Establish a relationship with a broker as you are learning to trade. You must understand the process of trading with a broker before you place your first "real money" trade. If they value your business, a broker should be willing to work with you while you are learning. If you decide to open an account, your broker will be your most valuable employee. Use the paper trading period as an opportunity to interview and get acquainted with him or her. S/he will be handling your trades (*your money*); good communication is vital. If you don't hit it off with one broker, ask to interview another. Find the right broker for you. Choose your broker as you do your friends, you may not hit it off with everyone, so don't be afraid to interview several. You don't have to change brokerages to change your broker. Brokers are people; there's a wide variety. You should feel comfortable with your broker. If you don't, then find another one!

THE STEPS

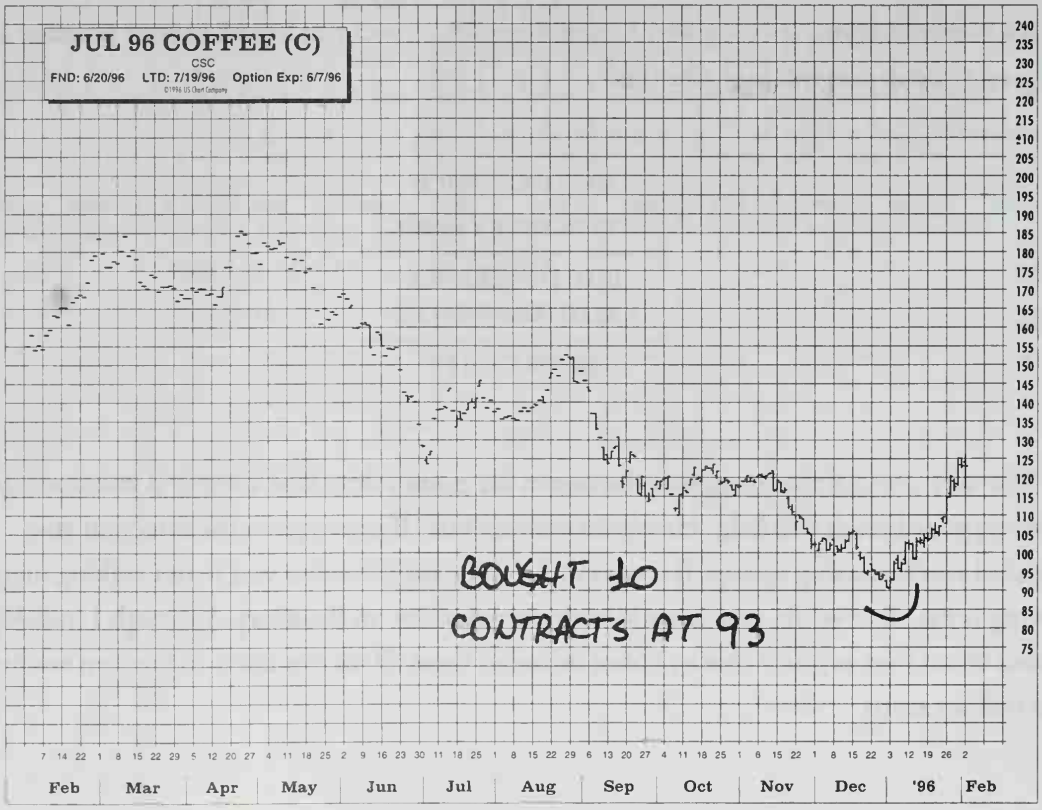
Paper trading is simple. The way you do it is up to you. Your aim is to enter and exit markets on paper, keeping track of your profit and loss until you are successful enough to enter markets with real money. How you keep track of your trades is up to you. How many markets you watch or enter is up to you and will depend on the size of your imaginary account. This is *your* business, run it the way you want.

In the beginning, follow as many markets as you can so that you learn as much as possible as quickly as possible. Once you understand the terminology, principles and tools, you are ready to trade your imaginary account. Begin trading your imaginary account with the amount of money you may actually start trading with. Be honest — no changing orders or stops after the fact, tempting as it is you won't learn anything if you fudge. You may want to trade two or three different imaginary accounts using different approaches; this is your time to experiment. All your questions will be answered by this process. There will be no guesswork about "what ifs" or "why nots." You will have the answers for yourself, and that's what you want.

STEP ONE

Copy the Alert-Line! messages in a format that makes sense to you. As I have said, I find it easy and convenient to simply notate my charts. Following are samples of what I am talking about.


MAR 96 CORN
Trading Hrs: 10:30am - 2:15pm EST CBT
Contract Size: 5000 bu Margin/Maint: $607/450
Pt Value: 1ct=$50 Daily Limit: 12cts=$600
Min Move: 1/4ct=$12.50 Quoted In: CTS/BU(1ct=$50)
FND: 2/29/96 LTD: 3/20/96 Option Exp: 2/17/96
©1996 US Chart Company
Watch
1
2
3?
380
370
360
350
340
330
320
310
300
290
280
270
260
250
240
230
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
'96
Feb


JUL 96 COFFEE (C)
CSC
FND: 6/20/96 LTD: 7/19/96 Option Exp: 6/7/96
©1996 US Chart Company
BOUGHT 10
CONTRACTS AT 93
240
235
230
225
220
215
210
205
200
195
190
185
180
175
170
165
160
155
150
145
140
135
130
125
120
115
110
105
100
95
90
85
80
75
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
'96
Feb

STEP TWO

Keep a daily tally of your profit and loss. I am now in a position where I do not do this daily since I have enough money in my accounts to stay with any position I am in. You will (at least initially) want to keep close tabs on your account so do this routinely on your open positions.

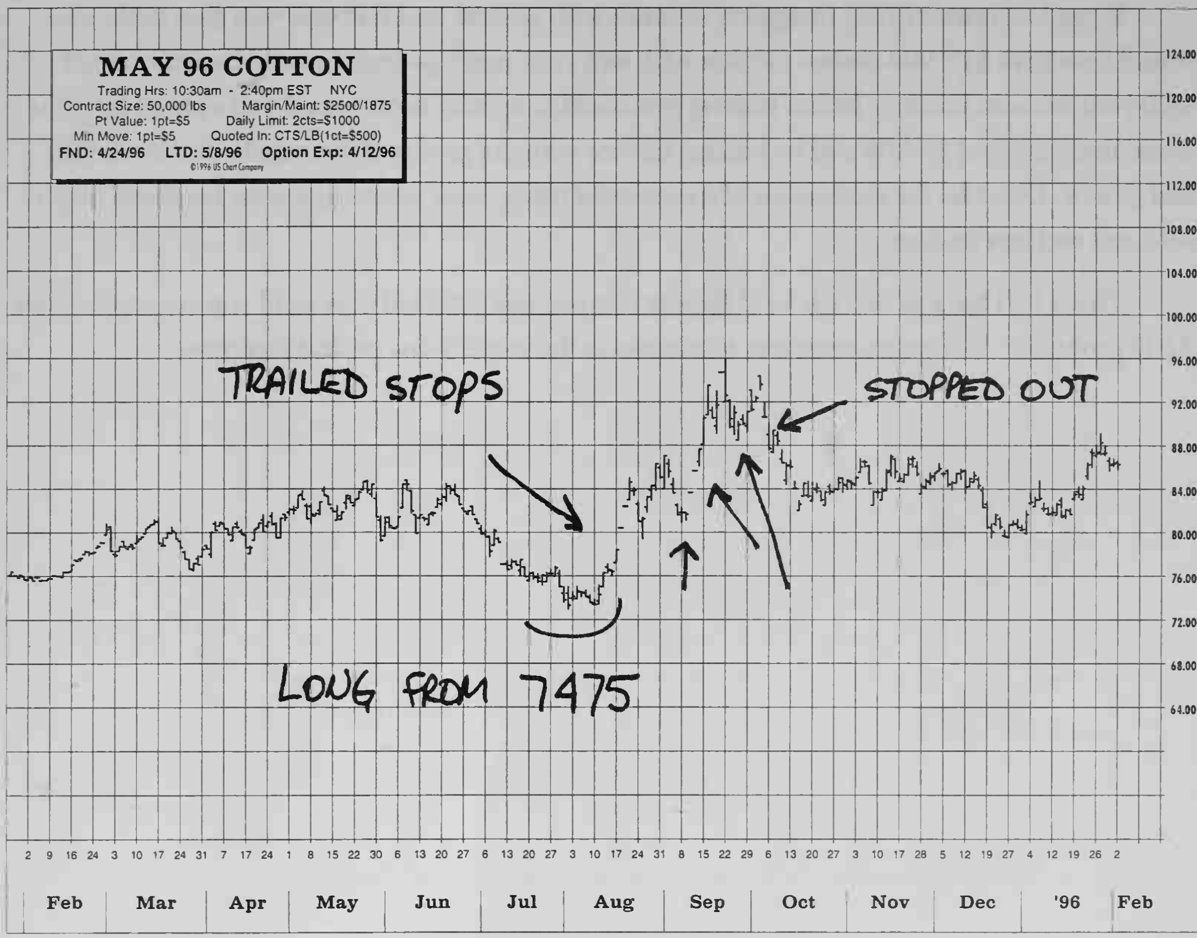
Calculating profit and loss is a simple formula. Don't let decimal points, contract size, etc. throw you. Simply take the difference of your entry price and the closing price of the day (or your exit price) and multiply it by the point value. That's it. You do not need to keep running balances. This figure will tell the whole story every day.

PROFIT AND LOSS
ENTRY PRICE
– CLOSE OR EXIT PRICE
DIFFERENCE
x POINT VALUE
= PROFIT OR LOSS

For example, if you are long May Cotton from 74.75 and you liquidate your position at 90.75, your calculation will look like this:

90.75 EXIT PRICE
– 74.75 ENTRY PRICE
16.00 DIFFERENCE
x $5.00 POINT VALUE
$8,000 PROFIT

The only decimal that matters is the one in the point value. Don't worry if you don't get it right away; your broker will help. Here's the bottom line: If prices go in the direction you anticipated you're making money. If it goes in the opposite direction you're not making money. Following is the chart of the cotton trade with my notations on the chart. Although I transfer my notations when I get my new charts, I have included them all on this chart so you can see how I would trail my stops.


MAY 96 COTTON
Trading Hrs: 10:30am - 2:40pm EST NYC
Contract Size: 50,000 lbs Margin/Maint: $2500/1875
Pt Value: 1pt=$5 Daily Limit: 2cts=$1000
Min Move: 1pt=$5 Quoted In: CTS/LB(1ct=$500)
FND: 4/24/96 LTD: 5/8/96 Option Exp: 4/12/96
TRAILED STOPS
STOPPED OUT
LONG FROM 7475
124.00
120.00
116.00
112.00
108.00
104.00
100.00
96.00
92.00
88.00
84.00
80.00
76.00
72.00
68.00
64.00
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
'96
Feb

STEP THREE

If you had opened your imaginary account with $5,000, and this was your first trade, you would now have $13,000 dollars to trade with and your profit potential would have increased with your account balance. In real trading you could have your broker send you a check for your initial investment of $5,000 and be trading for free with the profits of your trade. But be careful and *go slow*. Don't let the excitement of a successful trade cause you to lose your head and begin wild and reckless trading.

That's it. That's all there is to it! Repeat this process over and over until you are comfortable AND profitable. You are on your way to success in the world's one perfect business.

CHAPTER TWENTY-SEVEN

BITS AND PIECES

A DIFFERENT PERSPECTIVE ON SELLING SHORT

It is important to understand that when you control a futures contract, you are neither buying nor selling the actual commodity. You are entering a contract to buy or sell the commodity at today's price expecting to make a profit in the future. Each contract has two positions: the buyer and the seller. You may take either of these two positions. If you believe prices are going to rise, you buy (go long) at today's price hoping to sell at a higher price in the future. If you believe prices are going to drop, you sell (go short) at today's price, expecting to buy at an even lower price in the future. Selling or buying (the opposite of) the contract you already control, liquidates your position and you're out of that trade.

One day you spot a potential bargain while reading your newspaper. December corn is at an all-time high. Now, what can you do to profit on a commodity that is already high? You can short it!

You call your broker and tell him or her you know corn has skyrocketed and that you want to control a contract. Remember, to control a contract — long or short — you must put up a good-faith deposit (margin) on it.

Four-hundred dollars, the margin required to control one corn contract at the time, is taken from your margin account and your broker sells a contract of corn for you. Margin amounts are established by the various commodity exchanges and brokers and change constantly. Check with your broker for current margin amounts. You are short the corn market. The word short means you are expecting prices to fall. Remember, you will place your stop-loss order at the same time.

Several weeks pass and the Agricultural Report is released. It reveals there's an overabundance of corn! Prices drop from $3.80 all the way down to $2.20 per bushel …

Because you went short (sold) — not long (bought) — you can call your broker and liquidate your position with profits; you have gained $1.60 per bushel.

Rent the movie TRADING PLACES starring Eddie Murphy. You may have to watch the end several times to fully understand what's happening, but it shows the mechanics of futures trading very well. Another video you'll find interesting is LIMIT UP starring Dean Stockwell.

TYPES OF ORDERS

These are the most commonly used orders in futures contract trading:

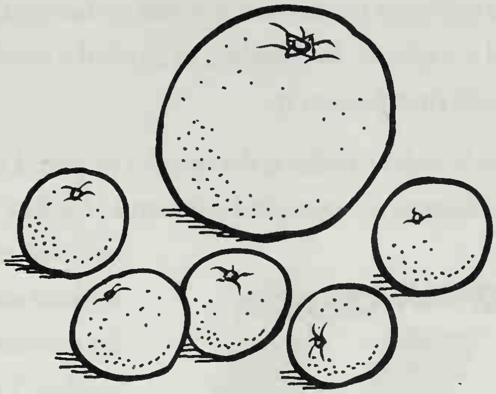
OPEN ORDER: An order that is good until it is filled or cancelled.

DAY ORDER: An order that unless filled, automatically cancels at the end of the day.

MARKET ORDER: An order to buy or sell a futures contract at the prevailing bid/ask price. Market orders are considered day orders. That is, if your order has not been filled by the end of the trading session that day, your market order will be canceled.

LIMIT ORDER: An order to buy or sell a futures contract at the specific price you state (or better). Essentially, what you're saying by using a limit order is, "I wish to enter this market, but only if I get my price or better."

For example, you wish to buy a corn contract but will not pay more than 2.40. The market is currently trading at 2.45. You place a limit order to buy at 2.40. This means your order can be filled only if corn prices hit 2.40 or lower.



STOP ORDER: A stop order is simply an order to buy or sell a futures contract if the market moves to the price you indicate. When the market does touch that specified price, your stop order becomes a market order.

Example: You wish to enter the soybean market on a breakout from the #2 point of its 1-2-3 bottom formation, which is at 5.90. The market currently is trading at 5.75. You place a stop order to "Buy a

November soybean contract at 5.90-¾ stop." When soybean prices touch 5.90-¾, your buy order is activated and it becomes a market order.

Suppose the soybean market made a 1-2-3 top formation and you wish to short it on a break below the #2 point of 7.20. Prices are currently 7.25. You could place a stop order to "Sell a November soybean contract at 7.19-¾ stop." When soybean prices touch 7.19-¾, your sell order is activated and becomes a market order.

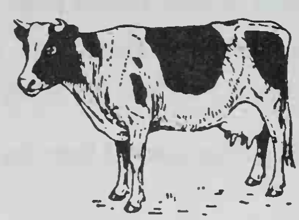
STOP-LOSS ORDER: The same as a stop order except it is meant to offset an existing futures position (long or short).

January orange juice has broken out of a 1-2-3 bottom formation, for example, and you went long on a breakout of its #2 point. When that order was filled, you placed a stop-loss order just below the #1 bottom point. If January orange juice prices turn around and drop below the #1 bottom point, touching your stop-loss price, your long futures contract will be offset by the contract that was sold according to your stop-loss order.

If orange juice prices keep climbing, however, you continue to move your stop up, keeping it behind (trailing) current prices. This helps protect your growing profits.

REVERSAL STOP ORDER: An order that not only offsets your current futures position (long or short), but actually enters you in that market on the opposite side.

Example: You're short live cattle since its breakout from a 1-2-3 top formation. The market has dropped significantly; it is, in fact, now at new 12-month lows (making new #1 bottom points). You've trailed your stop down, keeping it just above current prices. But when your current short position is stopped out, you also wish to be long the live cattle market.



In this case, you could place a reversal stop order which is actually an order to liquidate your original short contract and put you long one contract.

SUCCESSFUL COMMODITY TRADERS TRY TO BE ODD

When I say on the Alert-Line! that I have, for example,"...placed an open order to buy whatever on a breakout over 96.10," this means my order is somewhere *above* 96.10, not *at* 96.10. I don't say it this way because I'm a frustrated mystery story writer (I am); I say this because I've learned it's not wise to place any order — a buy, sell, or stop-loss order — at obvious points on a chart. Why? Because most people *do* place their orders at obvious — that is, even — points on a chart.

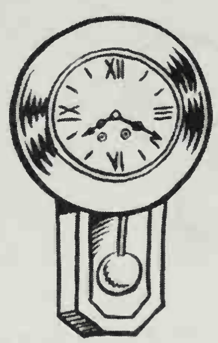
It's frustrating to watch my order for something get filled only to see the market turn around and move against me. Floor brokers see where open orders are sitting, waiting to be filled, and I don't want mine resting there with all the rest. Like I said before, trading futures contracts is not a science; it's an art. You have to "feel" your way through it.

Placing your orders away from all the rest makes the same sense as getting on the road any weekday morning at an odd time — there's less traffic!

It's true; think about it: Commuters — consciously or unconsciously — have a mental "target time" to be on their way to work. Highway Patrolmen bear this out. Rush-hour traffic travels in "bunches," so here's an added bonus of being a keen commodities trader: Avoid bunches of "rush-hour traffic" simply by getting "on the road" at off-times!

Since most traders lose money, I don't want to do what most of them do! Ask your broker, "Do most of your clients place their orders at even and obvious numbers?" Experience tells me that he or she will answer yes. So when you hear, "My order to sell is placed below the number two point at 320" on the Alert-Line!, you'll know my order is resting at 319-¼, 319-½, 319-¾, etc.

I must go now; I have an appointment at the barbershop at one thirty-eight ...



MINI-CONTRACTS

Many futures mini-contracts are currently available in the grains, metals, livestock, and financial businesses and more are being considered by the CFTC.

All details of mini-contracts are essentially the same as the futures contracts we've studied in THE WORLD'S MOST POWERFUL MONEY MANUAL, except the "mini's" are just that — smaller than the "usual" futures contract. Instead of a full 5,000-bushel soybean contract, you can buy or sell a 1,000-bushel mini-contract. Your margin is less and your profits and losses are smaller, too.

Mini-contracts range from one-fifth to one-half the size of a regular futures contract for the same commodity and are available through most major brokerages. You would monitor the very same price fluctuations and charts, as we've already seen, but where a one-cent price move on a 5,000-bushel soybean contract equals $50 (5,000 X .01), that same one-cent move equals only $10 (1,000 X .01) on a mini-contract because a mini-contract controls only 1,000 bushels.

ALERT-LINE! TERMS:

The following are Alert-Line! terms you want to be familiar with as you start listening:

"I'M LONG (OR SHORT) at ... ": When you hear me say this on the Alert-Line!, this means we have entered this particular trade sometime in the past at the price I repeat. For example, "We are long April Live Cattle at 53.75. Our stop is at 51.95. The goal is 63 cents." If you, too, were on board this trade, you would want to pay particular attention to the placement of the stop-loss order and where we had moved it in order to help protect profits. If you were not already on board this trade, the update you would hear is not a recommendation to enter a new position — it is, again, simply an update for those who are in that market.

"I MOVED MY STOP TO ... ": You'll hear me say these words when I'm updating a position we are already in (see question and answer on stop losses). This is simply a reminder and a recommendation to move your stop-loss in order to help protect the profits that have accumulated.

"TOO FAR, TOO FAST ... ": At times I'll make reference on the Alert-Line! Updates to the fact that I'm going to stop watching a market because it moved "too far, too fast." This usually happens after a #1 point when I am watching for a #2 point to form. There are two occurances on a chart which prompt me to stop watching a market for this reason. First, the distance in dollars between the #1 point and the #2 point represents too great a risk for my taste. This sudden move may signal volatility, and remember, you usually place your stop close to your #1 point, so you are open to a loss equal to that distance. Second, often a move like this puts your #2 point at or near the 50% level indicating that the retracement you are anticipating already happened. It is a personal perspective and your paper trading will determine your personal concept of "too far, too fast."

CHAPTER TWENTY-EIGHT

OUR MOST FREQUENTLY ASKED QUESTIONS

As you know, THE WORLD'S MOST POWERFUL MONEY MANUAL program is a Course of instruction; not simply a book or just a newsletter or telephone update line. What sets it apart is the fact that we have an on-going relationship whereby you, the student, are always invited to contact my office for continuing guidance and clarification. When you write, a real person responds to your inquiry. All we ask, for help in serving you, is that you include a self-addressed, stamped envelope. And this certainly isn't just to save us postage! When handling the tremendous volume of mail that we do, this seemingly insignificant requirement results in a savings of time and energy that really adds up.

Our continuing goal, and pledge to you, is to make your enrollment in this Course successful, and of the highest caliber.

Following are the questions received in our office most often. Although most of these questions are covered elsewhere in the Manual, with all the new material oftentimes things are missed. Hopefully, then, this special presentation of the questions many of our enrollees found important enough to write us about will be of interest and benefit to you as well.

***

"HOW DO I FIND OUT ABOUT INDIVIDUAL CONTRACT MARGIN REQUIREMENTS, COMMISSIONS, LENGTH, ETC.?"

Contract specifications (the individual commodity, price fluctuations, price restrictions, contract sizes, dates of expiration, etc.) are set by the individual exchanges themselves (in conjunction with the Commodity Futures Trading Commission — CFTC, a government agency much like the Securities and Exchange Commission, or SEC, which deals with the stock market). These change from time to time and are reprinted and provided to you by commodity brokerages (you'll find all this information in the Starter Kits).

Minimum account amounts, margin and maintenance requirements, commissions and service vary from brokerage to brokerage and broker to broker as covered in the previous question, and these facts also will be included in the Starter Kits.

"PLEASE EXPLAIN 'CASH-BASIS'"

Please review Chapter 17 of the Manual.

The cash price of any commodity is usually below the futures price. Usually we, as futures contract traders, must pay more for any commodity than does the person or company who buys that commodity for cash. This is only reasonable: we're asking someone else to store the commodity for us for a period of time and this involves storage costs, insurance, and the current interest rate.

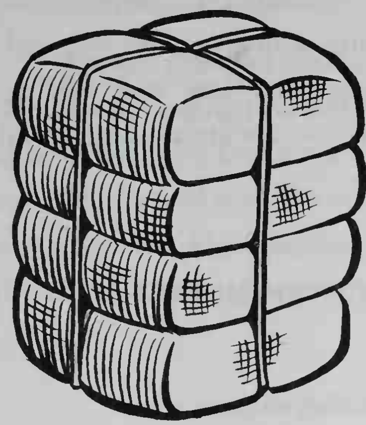
Occasionally, however, the futures price actually dips below the cash price. When this happens, obviously you're looking at a genuine bargain! This happens infrequently, but studying a cash-basis chart as detailed in this Manual will allow you to capitalize on this unique situation.

"YOU DIDN'T GO INTO MUCH DETAIL ABOUT OPTIONS IN THE MANUAL ... "

That's correct, I didn't — purposely. To go into the options market (which is an entire industry and market all its own) would have confused and overwhelmed most new students. As you paper trade, become more accustomed to, and understand what the commodity futures market is all about, understanding the workings of the separate options market will come easier to you.

"WHY DON'T YOU HAVE A TOLL-FREE 800 NUMBER FOR THE ALERT-LINE!?"

Cost. I realize this would be a nice benefit, and I've checked into it from many different angles. The bottom line is, however, that it's just so expensive — I'd have to add the tremendous cost to the Course enrollment fee which would raise it considerably.



The Alert-Line! message is generally only 3-5 minutes in length. You can plan your calls each week to take advantage of reduced rates since the Alert-Line! is available 24 hours a day, 7 days a week.

"I STILL DON'T UNDERSTAND WHAT "SELLING SHORT" MEANS… "

This is covered several times in the Course material. Everyone seems to be familiar with the concept of going long, or buying a contract. The idea is, buy low and sell high to make a profit. In the stock market, for example, you hope to buy IBM at $100 a share and sell it sometime in the future to someone else for $200 a share. In real estate you hope to buy a house at $75,000 and sell it later to someone else for $100,000. In this real estate example, you may only have to put up a down payment of $10,000 to "control" the house. When the price rises and you sell the property, your gain is computed only on the money you actually deposited to control the property. In this case, you earned $25,000 on only $10,000, which represents a 250% profit on your money.

In commodity futures contracts, you put up a small deposit (usually 5% to 10% of the total dollar value of the commodity contract — called "margin") to control the contract. If you are "long," you hope to buy low and sell high.

The same is true if you go "short." In this case, the only difference is that you sell first and buy later. In other words, you hope to profit by selling high and buying low. In this way, you profit from a *drop* in price.

To reuse our house example, suppose you knew a family who was being transferred from another state and wanted to move into your neighborhood. They need to have a house ready by the time they move. They scout the area and decide that houses in this neighborhood are reasonably priced at $100,000. You happen to know that you can get a deal on a particular house in this neighborhood and can buy it for only $75,000. So you advertise or approach this family and offer to sell them a house (which you don't own!) for $100,000 and they sign a contract with you. You just promised to sell them a house for $100,000 and it will be ready to move into in, say, six months.

You now turn around and put a deposit (down payment) on the house you knew about that costs only $75,000. First you sold this house to the family and now you have to buy it in order to deliver it. And there you did it — you just made a $25,000 profit on a drop in price by selling high and buying low!

Another point that will help clarify your understanding of buying, selling, or going long and short in the commodity futures markets is this: although it's frequently stated "buy" and "sell," a more accurate term would be to say that you are "controlling" contracts — not literally buying and selling them.

"THERE ARE SEVERAL CONTRACT MONTHS FOR EACH COMMODITY — WHICH ONE DO I TRADE?"

This question has probably occurred to you by now and the answer requires some individual thought and judgment.

First, you would not want to trade a contract that was close to expiring. If a contract came due, you would have to either take delivery or deliver that commodity. As we've already covered, less than three percent of all commodity traders ever deliver or take delivery and your broker's job is to keep you advised of approaching (or too-close) "first notice" days (when buying a contract) or "last day of trading" (when selling a contract).

Second, don't trade a contract that lacks liquidity. An item reported for each commodity and each contract month is "open interest." Open interest is the total number of futures contracts currently existing for that commodity that have not been offset by either buying, selling, or taking actual delivery. A contract with more open interest is more liquid — more traders — therefore the contract with the greater open interest would provide faster, easier (more liquid) execution of buy and sell orders.

Third, only trade the contract that is making the chart pattern, or formation, you're planning on. For example, the September month of a particular commodity may be making a 1-2-3 top, but the March contract of the same commodity may not. Although many or all months of the same commodity tend to move alike, there's no law that says they have to or will be making the same formations!

"HOW LONG SHOULD A NARROW, SIDEWAYS CHANNEL BE BEFORE IT'S REALLY A CHANNEL?"

This is another question you've probably already considered and the answer is, "If it looks like a channel, it *is* a channel".

Narrow, sideways channels can be days, weeks, months, or even years long, and a rule-of-thumb regarding narrow, sideways channels is that the upside or downside breakout of the channel will carry prices in a one-to-one (1:1) ratio. That is, looking at a chart, if the narrow, sideways channel is twenty squares long, the breakout of the channel will usually rise or fall twenty squares. Or, if the channel is, for example, six-inches long, when prices rise or fall out of that channel, they will generally climb or fall six-inches.

"HOW DO MOST PEOPLE DO WITH YOUR COURSE?"

I don't hear from most people in the Course, and the ones who do write me have varying results. For example, a recent major move in the precious metals markets netted one student who wrote \$1,500, while another netted \$50,000, and still a third walked away with over \$200,000 — all on the same move! Why the apparent discrepancy? Because we're all human and we all trade differently. The last person was very aggressive and pyramided his contracts as often as possible, while the first two obviously did not. One is not "right" and the others "wrong;" it's simply a matter of personality. All three traded *the same* market.

In addition, with a smaller margin account, for example, you cannot trade all the formations all the time; there's simply not enough in it to cover all the margin requirements. This fact also affects people's results in the Course (see next question also).

I do know that an independent research study showed that 82% of people who have taken the TWMPMM Course would recommend it to family and friends. This is a remarkable statistic in the evaluation of the worth and success of a product or service.

"WHAT IF THE AMOUNT IN MY MARGIN ACCOUNT DOESN'T ALLOW ME TO MAKE EVERY TRADE REPORTED IN THE NEWSLETTER AND ALERT-LINE!?"

One answer is to trade mini-contracts, which require less margin than full-size futures contracts. Another alternative is to trade options which require no margin at all, not even a margin account! All that's required is the option premium (which can literally be as little as \$50) and the broker's commission.

A third, and actually the most effective solution, is for you to decide between making one trade over another. Paper trading helps develop your feel for this selection-making process.

"HOW MUCH WOULD I HAVE MADE ... ?"

Although this is a perfectly fair and reasonable question, one which we receive often, it is not easy to answer. The reason is, it all depends upon when you enrolled, when you began trading, how you traded, your beginning account size, your tolerance for risk, and what the markets were doing during that time period.

Two people, enrolling only a week or two apart, can have vastly different results simply because a major price move could have occurred in that small time period.

"WHAT'S KEN IN NOW?"

People write and ask this question as if I'm trading differently, or in some secret, super-successful way, other than what the Course teaches. I'm not! I trade just as you see and hear in the Newsletter and Alert-Line!. Occasionally I'll set my stop-loss orders differently (see next question) or begin an initial position with more than one contract, but those are the only differences.

"TELL ME MORE ABOUT STOP-LOSS ORDERS ... "

As was stated in the Manual notes, the placement of stop-loss orders is more of an art than a science.

A woman recently wrote us asking, "I had a very healthy profit in Copper, but the stop you reported on the Alert-Line! was so far back that when Copper prices dropped, it ate up most of

those nice profits. Why did you recommend trailing the stop-loss so far behind?"

Had this lady paper traded (I later found out she didn't), she would have developed her own "feel" as to her comfort zone in setting stops. I obviously didn't choose that stop-loss knowing it would obliterate much of the profits on that trade! In her case, when substantial profits develop, she would be better off moving her stop in close to protect more or even most of her profits to date. She may miss out on another major move in that commodity, but the satisfaction of having the initial profits in the bank — spendable money — would outweigh the greater-gain potential.

I do not move my stops arbitrarily but rely on the charts — Trading limits support resistance and gaps to determine placement.

A reminder: "trailing stops" have to be moved by *you*; do not expect your broker to automatically move your stops from day to day. He or she will probably be more than happy to, but make sure you establish this fact. Also remember to cancel open orders, even if the order was triggered and you entered the trade. Basically, these and other reminders I make from time to time are essentially saying: Don't make assumptions — check it out and avoid errors and disappointments later on.

"DOES YOUR OFFICE STAFF TRADE?"

Yes!

"HOW MANY GOOD TRADES A YEAR DO YOU GIVE IN THE COURSE?"

How many good trades we have depends upon the markets themselves. Remember: we can't move the markets! Many so-called commodity traders try to do this, and they find out the hard way that it's the same as trying to change the tides of the ocean — very futile indeed. The Alert-Line! is an ongoing trading tool and will always be reflecting market activity — good or bad. I will always trade real money on the Alert-Line! trades to demonstrate my confidence in what I teach. A short term picture of the Alert-Line! may sometimes present a dismal picture when the markets are in the doldrums, and this happens. But I know to wait and watch and the markets will pick up. My profits *soar* above my losses.

"WHAT HAPPENS WHEN I'M THROUGH PAPER TRADING?"

This is a common question asked by those who haven't begun paper trading. Paper trading provides an education that nothing else can — no book, no Course, no seminar, no secret system. As J. Paul Getty put it in his tome, HOW TO BE RICH, "Obviously, you can't know everything there is to know from the very beginning, but you should not start until you have acquired a good, solid working knowledge of the business." And this is precisely what paper trading provides.

After you are, indeed, proficient on paper, you will know whether you want to open a full margin account, whether you will trade mini-contracts, and if you will incorporate options contracts into your trading. These are questions *only you* can answer, and an informed decision can only come after two to three months of paper trading.

The over-anxious person opens an account, begins "trading" (not knowing what's really happening), and promptly becomes a statistic and loses money. That money sitting in the margin account "burns a hole in his or her pocket." The seasoned paper trader, however, is confident in what he or she is doing and, after actually opening a margin account with a broker, may wait weeks or even months before making that first trade — just waiting for the right opportunity, which paper trading taught him or her to act on, to come along.

"MY BROKER SAYS ... "

I was having dinner with a dozen professional traders and commodity brokers and the common theme of our conversation was that those investors who trade strictly by a plan — good or bad — did far better than those who were haphazard and undisciplined in their trading.

TWMPMM & COURSE is tried-and-true. It works. That fact has been established. If you've sufficiently paper traded (and you'll know by your attitude when this point has been reached), you'll instinctively not allow anyone else — including a broker — to sway your trading decisions.

As I wrote in the Course materials, you don't want trading advice — you want service in executing your trades.

"WHAT DOES A CONTRACT MONTH MEAN?"

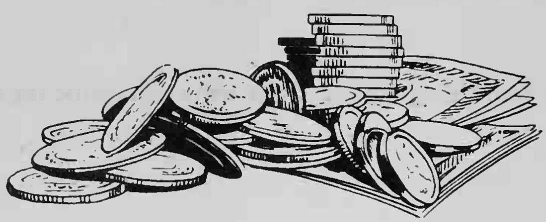
The definition of "contract month" is: a contract specifying delivery of that commodity in that month. Since we don't want to make or take delivery, we must get in and out of our contracts before they become due.

Each commodity contract for any particular month runs approximately one year. For example, in January 1995 I can buy or sell ("control") a March 1996 silver contract. That contract will expire some time close to March 1996 (see a contract specification sheet from your broker for exact dates), so I can buy and sell that contract as many times as I wish between now and its expiration, which will be approximately March 1996.

The confusion here comes when people think a contract month means that trading can only take place for one month, which is inaccurate.

"WHAT DOES 'ROLLING OVER' OR 'SWITCHING' A CONTRACT MEAN?"

Suppose you were watching Copper prices and bought a March 1997 Copper contract in December 1996 at 62 cents. Copper prices in February 1997 were at 61cents, but you still want to keep your long position. The dilemma is that you want to remain in your long position (expecting Copper prices to advance or rise further), but your March 1997 is running out of time. In this case, you simply tell your broker to "switch" from your March 1997 contract to, for example, a May 1997 contract. He or she would then sell your March 1997 contract and simultaneously buy a May 1997 contract. This would cost you a commission.



Each one cent move in copper prices equals a $250 profit or loss, so you would be sitting with a $250 loss, since you originally bought at 62 cents and prices at the time you switched (or rolled out of) your contract were at 61 cents. You would not have to pay $250 at the time of the switch since the margin you originally put up to buy the March 1997 contract still covers this $250 loss.

"DO I HAVE TO MAINTAIN A MINIMUM BALANCE IN MY MARGIN ACCOUNT?"

No. You only have to have enough in the account to cover the initial margin amount for the particular contract(s) you're trading. After that, each brokerage requires a "maintenance amount" which is lower than the margin amount (again, check with your individual broker for these amounts).

"DO I GET MY MARGIN DEPOSIT BACK WHEN I CLOSE THE TRADE?"

Remember that a margin deposit is just that — a deposit, not a cost. If you close out a trade with a profit, yes, you'll have your margin deposit plus your profits. If, however, you lost money on the trade, you would have your margin deposit minus the loss you sustained. The important point to keep in mind, again, is that margins are deposits, not costs.

"IS IT NECESSARY FOR ME TO SUBSCRIBE TO A CHARTING SERVICE AND/OR MAKE MY OWN CHARTS? CAN'T I JUST TELL A BROKER TO DO WHAT YOU SAY ON THE ALERT-LINE! AND IN THE NEWSLETTER?"

Yes, you could simply do as I say, and many people do, but this approach defeats the whole purpose of TWMPMM & COURSE: To teach you basic, reliable skills with which you can survive and thrive financially in the years to come. And always remember: The best place for your money is in *your* hands, under *your* direction. Just ask any of the multitude of investors who have fallen prey to one or more "financial gurus." Besides these reasons, following the Alert-Line! makes for a very limited trading plan.

As Course Members progress, most see the benefit of having their own subscription to a charting service.

GLOSSARY OF SOME COMMONLY USED TRADING TERMS:

ACTUALS - The physical commodities on hand, ready for shipping, storage or manufacturers, as distinguished from futures contracts.

AT THE MARKET - Orders entered to buy or sell "At the Market" are executed immediately by the floor broker at the best obtainable price.

BASIS - The price difference between the actuals or spot commodity and the futures price.

BEARISH AND BULLISH - When market conditions suggest lower prices, and prices are trending lower, a BEAR market exists. Conversely, with higher prices forecast and prices moving upward the situation is termed BULLISH.

BID - An offer to buy a specific quantity of a commodity that is subject to immediate acceptance.

BREAK - A sharp, fast change in price.

BROKER - A registered representative, either an account executive or floor broker, who is given the responsibility for the acceptance and/or execution of an order.

CALL OPTION - An option giving the buyer the right to a long position in the market. The purchaser anticipates prices going up.

CARRYING CHARGE - The cost to store and insure a physical commodity over a period of time. Also involves an interest charge and other incidental costs involved in ownership.

CASH COMMODITY - The actual physical commodity.

CASH PRICE - The price actually being paid today for a commodity.

C.F.T.C. - Commodity Futures Trading Commission.

CLEARING - The process of matching Buy and Sell orders which have been executed during the day, and making any adjustments needed.

CLEARING HOUSE - A department of the exchange, through which all trades on the exchange are cleared and adjusted.

CLOSE - A period of time at the end of the trading sessions at which all orders are filled within the closing range.

COMMISSION - The fee paid for buying and selling commodities in a futures or cash market.

CONTRACT MONTH - The month in which a futures contract may be satisfied by making or accepting delivery.

DAY ORDER - An order that expires on the close of trading if not filled during that day.

DELIVERY - The tender and receipt of the actual commodity or the warehouse receipt in settlement of a futures contract.

DELIVERY NOTICE - A notice of a clearing member's intentions to deliver a stated quantity of a commodity in settlement of a futures contract.

DOUBLE TOP OR DOUBLE BOTTOM - Prices reaching their twelve-month high or twelve-month low two times. The second top or bottom may be used as a new number one point or may be considered the three point in a 1-2-3 formation.

EXERCISE (an option) - To enter the futures market at the strike price.

FIRST NOTICE DAY - The first day on which notice of intention to deliver actual commodities against futures contracts can be made.

FLOOR TRADER - An exchange member who fills orders for his own account by being personally present on the floor. Usually called a "local."

FUTURES - A term used to designate all contracts covering the sale of commodities for future delivery on a commodity exchange.

G.T.C. ("Good Till Canceled") - An order instruction to the broker to keep the order open until either executed or canceled.

HEDGING - A protection against a move contrary to your position. For example, an option purchased opposite a position in the futures market; farmers offset the risk of supply and demand with positions in the futures markets.

INTERNAL FINANCING - Using the profit from one contract to finance the margin on another.

LAST TRADING DAY - This is the final day in which trading may occur for a particular delivery month. After the last trading day, any remaining commitment must be settled by delivery.

LEVERAGE - Investing a small amount of money to make a large amount of money.

LIFE OF THE CONTRACT - The contract prices from the first day it traded to the present. In the case of a life of the contract high or low, the life of the contract may be greater than twelve months.

LIMIT - The maximum allowable price move for a given commodity during one day of trading.

LIQUIDITY - A market which allows quick and easy entrance or exit at a price close to the price order. To liquidate or establish a position quickly, you need a large number of traders

willing to buy and sell — indicated by open interest.

LONG - A long position is established by owning the actual commodity unhedged or by purchasing a futures.

MARGIN - The money or collateral posted with a broker or the clearing house to guarantee the fulfillment of a futures contract. Often referred to as a deposit, it is actually a specified amount of money frozen in your account as long as you are in the trade. It is held aside as a bank to withdraw losses from in the event the market turns against you.

MARGIN CALL - A demand by the brokerage firm or clearing house for additional funds, because of adverse price movement. You will be required to keep an amount equal to the maintenance margins on your open positions. If you are unable to do so your position will be liquidated.

NEARBYS - The nearest active trading month of a commodity futures market.

NUMBER 1 TOP - The highest price paid for a commodity in the last twelve months.

NUMBER 1 BOTTOM - The lowest price paid for a commodity in the last twelve months.

OFFER - An indication of a willingness to sell at a certain price as opposed to a "bid."

OPEN - A brief period of time, at the start of trading, at which all orders are considered made "at the opening."

OPEN INTEREST - The total of all open futures contracts of a given commodity. For every buyer of a futures contract there is a seller. Open interest of 1,000 means 1,000 longs and 1,000 shorts being traded in that market on that date.

OPEN ORDER - An order that remains in effect until it is filled or until you cancel it.

PIT - The area on the trading floor where trading in futures contracts is conducted. Also called the "ring."

P AND S - A purchase and sales statement sent by a broker to his client showing both the purchase and sale of a contract that has been closed out.

POINT VALUE - A point is the minimum basic price unit of a commodity established by the Exchange. It is based on the futures contract size.

POSITION - An interest in the market in the form of an open commitment either long or short.

PREMIUM - The price or value of an option.

PUT OPTION - An option giving the buyer the right to a short position in the market. The

purchaser anticipates prices going down.

PYRAMIDING - Using accrued paper profits to margin additional trades.

RANGE - The difference between the high and low price of a future during any given period.

REGULATED COMMODITIES - Those commodities over which the Commodity Futures Trading Commission has regulatory supervision for the purpose of seeing that commodity trading is conducted in the public's interest.

SETTLEMENT PRICE - The price at which the clearing house clears all transactions at the close of the day.

SHORT SELLING - This is selling a futures contract with the idea of purchasing it at a lower price at a later date. The speculator expects the market to decline. For example: The speculator sells a February pork belly contract at 54.40 in October, and then repurchases it at 51.50 in December. Until the time in December that he repurchased this contract, this market position was known as a short position.

SPOT PRICE - The price quoted for an actual commodity (same as cash price).

SPREAD OR STRADDLE - The simultaneous long or short position in the same or related commodities. In the grain business, the term "spread" is mostly used; elsewhere, "straddle" is used.

STOP-LOSS - A price order to exit a market at a specified price. A stop-loss order will always be an order to do the opposite of an open position. If you are long (bought) you place a stop-loss order to sell. If you are short (sold) you place a stop-loss order to buy.

STRIKE PRICE - When purchasing an option it is the price you are agreeing to buy or sell the commodity for if you so choose.

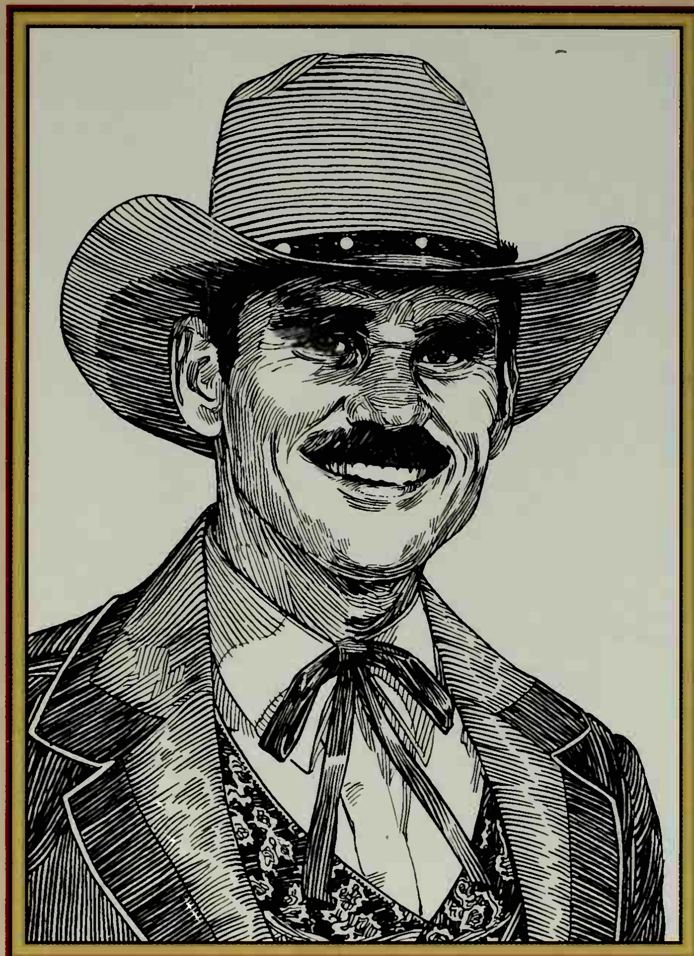
VOLUME - The total number of combined trades for all delivery months of any commodity.

SAMPLE

Active Futures Contract Specifications

Contract/Exchange	Contract Size	Local Trading Hours PST	Point Value	Minimum Fluctuation	Daily Trade Limits	Margin Requirements $Initial/$Maintenance
CURRENCIES:						
Australian Dollar/CME	100,000 AD	5:20-12:00	1PT=$10.00	1PT=$10.00	NONE	975/700
British Pound/CME	62,500 BP*	5:20-12:00	1PT=$6.25	2PT=$12.50	NONE	1215/900
Canandian Dollar/CME	100,000 CD*	5:20-12:00	1PT=$10.00	1PT=$10.00	NONE	878/650
Deutsche Mark/CME	125,000 DM*	5:20-12:00	1PT=$12.50	1PT=$12.50	NONE	1485/1100
Japanese Yen/CME	12,500,000 JY*	5:20-12:00	1PT=$12.50	1PT=$12.50	NONE	2565/1900
Swiss Franc/CME	125,000 SF*	5:20-12:00	1PT=$12.50	1PT=$12.50	NONE	2025/1500
Dollar Index	1000 X Index	5:20-12:00	1PT=$10.00	1PT=$10.00	NONE	2660/2000
METALS:						
Gold/CMX	100 Troy Oz*.	5:20-11:30	1PT=$1.00	10PT=$10.00	NONE	1197/900
Silver/CMX	5000 Troy Oz*.	5:25-11:25	1CT=$50.00	1/2CT=$25.00	NONE	1663/1250
High Grade Copper/CMX	25,000 Lbs.	5:10-11:35	1CT=$250.00	10PTS=$25.00	$.20/lb=$5K	1917/1420
Platinum/CMX	50 Troy Oz.*	5:20-11:20	$1=$50.00	10CTS=$5.00	$20=$1000	1215/900
Aluminum/CMX	44,000 Lbs.	5:20-11:35	1CT=$4.40	5CTS/lb.=$22.00	NONE	1485/1100
Palladium/CMX	100 Troy Oz.	5:20-11:30	1PT=$1.00	5PTS=$5.00	$6=$600	810/600
FINANCIALS:						
US Bonds/CBT	$100,000*	5:20-12:00	1PT=$31.25	1/32=$31.25	96/32=$3K	2700/2000
T-Bills/CME	$1,000,000*	5:20-12:00	1PT=$25.00	1PT=$25.00	NONE	439/325
Eurodollars/CME	$1,000,000*	5:20-12:00	1PT=$25.00	1PT=$25.00	NONE	675/500
S&P 500/CME	$500 x Index	6:30-13:15	1PT=$5.00	5PTS=$25.00	3000PTS	11250/10000
NYFE/NYFE	$500 x Index	6:30-13:15	1PT=$5.00	5PTS=$25.00	NONE	3500/2500
CRB/NYFE	$500 x Index	6:00-12:15	1PT=$5.00	5PTS=$25.00	NONE	2000/1500
GRAINS:						
Wheat/CBOT	5000 Bu.*	7:30-11:15	1CT=$50.00	1/4CTS=$12.50	20 CTS=$1000	675/500
Corn/CBOT	5000 Bu.*	7:30-11:15	1CT=$50.00	1/4CTS=$12.50	12 CTS=$600	405/300
Oats/CBOT	5000 Bu.*	7:30-11:15	1CT=$50.00	1/4CTS=$12.50	10CTS=$500	405/300
Soybeans/CBOT	5000 Bu.*	7:30-11:15	1CT=$50.00	1/4CTS=$12.50	30CTS=$1500	1080/800
Bean Oil/CBOT	60,000 Lbs.	7:30-11:15	1PT=$6.00	1PT=$6.00	1CT=$600	540/400
Bean Meal/CBOT	100 Tons*	7:30-11:15	1PT=$1.00	10PT=$10.00	$10/ton=$1000	540/400
LIVESTOCK:*						
Live Cattle/CME	40,000 lbs.*	7:05-11:00	1PT=$4.00	2.5PTS=$10.00	1.5CTS=$600	810/600
Feeder Cattle/CME	50,000 lbs.	7:05-11:00	1PT=$5.00	2.5PTS=$12.50	1.5CTS=$750	810/600
Live Hogs /CME	40,000 lbs. *	7:10-11:00	1PT=$4.00	2.5PTS=$10.00	1.5CTS=$600	540/400
Pork Bellies/CME	40,000 lbs.	7:10-11:00	1PT=$4.00	2.5PTS=$10.00	2CTS=$800	1080/800
SOFTS:						
Sugar/CSCE	112,000 lbs	7:00-10:43	1PT=$11.20	1PT=$11.20	NONE *spot	686/490
Cocoa/CSCE	10 Tons	6:00-11:15	1PT=$10.00	1PT=$10.00	$88=$880.00	784/560
Coffee/CSCE	37,500 lbs	6:15-11:00	1PT=$3.75	5PTS=$18.75	4CTS=$1500	7000/5000
Cotton/CTN	50,000 lbs	7:30-11:40	1PT=$5.00	1PT=$5.00	2CTS=$1000	1995/1500
Orange Juice/CTN	15,000 lbs	7:15-11:15	1PT=1.50	5PTS=$7.50	5CTS=$750.00	1330/1000
Lumber/CME	160,000 BFT	7:00-11:05	1PT=$1.60	10PTS=$16.00	$5=$800	3750/2500
ENERGY:						
Crude Oil/NYM	1000BBLS	6:45-12:10	1PT=$10.00	1PT=$10.00	$1=$1000	1755/1300
Heating Oil/NYM	42,000 Gallons	6:50-12:05	1PT=$4.20	1PT=$4.20	2CTS=$840	1755/1300
Unleaded Gas/NYM	42,000 Gallons	6:50-12:05	1PT=$4.20	1PT=$4.20	2CTS=$840	1755/1300
Natural Gas/NYM	10000MM BTU	6:20-12:10	1PT=$10.00	10PTS=$100	100PTS=$1,000	2160/1600

NOTE: CONTRACT SPECIFICATIONS CHANGE. YOU MAY CONTACT A BROKER FOR A CURRENT LIST.



KEN ROBERTS: College dropout, musician, struggling life insurance salesman, real estate entrepreneur, author, lecturer, successful investor, the list goes on and on. Roberts' investment methods have been co-sponsored in the California State University System by the U.S. Small Business Administration. He has been a guest instructor at the University of Southern California and was selected to serve on the Presidential Advisory Committee of The Academy of Legal Arts and Sciences.

KEN ROBERTS